
THE COMMONWEALTH OF MASSACHUSETTS

\$171,145,000
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS)
2012 SERIES A

AND

\$291,705,000
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012
SERIES A
(SIFMA INDEX BONDS)

JANUARY 24, 2012

Prepared by:



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7/7/2009 EX-3.1

EX-3.1 2 y62816exv3w1.htm EX-3.1: AMENDED AND RESTATED CERTIFICATE OF

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
THE PEPSI BOTTLING GROUP, INC.

The name of the corporation is The Pepsi Bottling Group, Inc., which is the name under which the corporation was originally incorporated, and the date of filing the original certificate of incorporation of the corporation with the Secretary of State of Delaware is January 6, 1999.

FIRST, The name of the corporation is The Pepsi Bottling Group, Inc., hereinafter referred to as the "Corporation."

SECOND:

(a) The Corporation shall have authority to issue 920,100,000 shares, with a par value of \$0.01 per share, of which (i) 900,000,000 shares shall be Common Stock, and 100,000 shares shall be Class B Common Stock (the Common Stock and the Class B Common Stock being collectively referred to herein as the "Capital Stock"), and (ii) 20,000,000 shares shall be shares of Preferred Stock (the "Preferred Stock")

(b) Preferred Stock. The Board of Directors is authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series the voting powers (if any) and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series and as may be permitted by the Delaware General Corporation Law ("DGCL"), provided, however, that no holder of any Preferred Stock shall be authorized or entitled to receive upon involuntary liquidation of the Corporation an amount in excess of \$100 per share of Preferred Stock.

(c) Capital Stock

(1) Except as otherwise set forth below in this Article SECOND, the relative powers, preferences and participating, optional or other special rights, and the qualification, limitations or restrictions of the Common Stock and Class B Common Stock shall be identical in all respects.

(2) Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Amended and Restated Certificate of Incorporation, holders of Common Stock and Class B Common Stock shall be entitled to receive such dividends and other distributions in cash, stock of any corporation or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in all such dividends and other distributions. In the case of dividends or other distributions payable in Capital Stock, including distributions pursuant to stock splits or divisions of Capital Stock of the Corporation, only shares of Common Stock shall be paid or distributed with respect to Common Stock and only shares of Class B Common Stock shall be paid or distributed with respect to Class B Common Stock. The number of shares of Common Stock and Class B Common Stock so distributed on each share shall be equal in number. Neither the shares of Common Stock nor the shares of Class B Common Stock may be reclassified, subdivided or combined unless such reclassification, subdivision or combination occurs simultaneously and in the same proportion for each class.

(3) At every meeting of the stockholders of the Corporation every holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in his or her name on the transfer books of the Corporation, and every holder of Class B Common Stock shall be entitled to 250 votes in person or by proxy for each share of Class B Common Stock standing

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(b) Preferred Stock. The Board of Directors is authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series the voting powers (if any) and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series and as may be permitted by the Delaware General Corporation Law ("DGCL"), provided, however, that no holder of any Preferred Stock shall be authorized or entitled to receive upon involuntary liquidation of the Corporation an amount in excess of \$100 per share of Preferred Stock.

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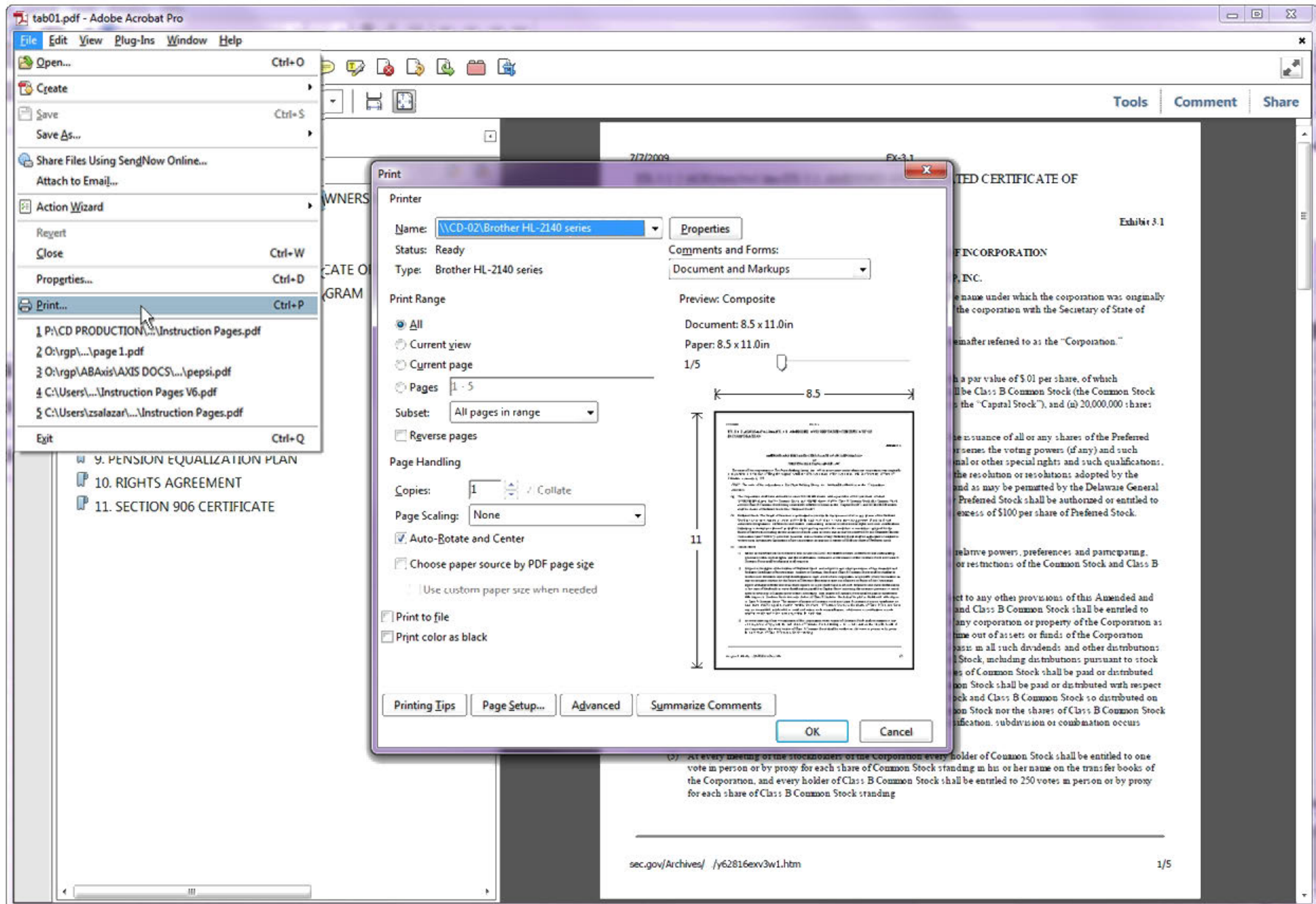
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(3) At every meeting of the stockholders of the Corporation every holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in his or her name on the transfer books of the Corporation, and every holder of Class B Common Stock shall be entitled to 250 votes in person or by proxy for each share of Class B Common Stock standing

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Check Spelling
Look Up Selected Word...
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Acrobat highlights the term when found. Click left arrow in search box to find next occurrence.

The screenshot displays the Adobe Acrobat Pro interface. The top menu bar includes File, Edit, View, Plug-Ins, Window, and Help. Below the menu is a toolbar with various icons for file operations and viewing. The left sidebar contains a Bookmarks panel with a list of document sections: INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES P, Instructions and Guidelines for Use, Index, 1. AMENDED AND RESTATED CERTIFICATE OF INCORPORATION, 2. EXECUTIVE INCOME DEFERRAL PROGRAM, 3. FORM 8-K, 4. FORM 15 - 12B, 5. INVESTOR UPDATE, 6. JOHN L. BERISFORD FORM 3, 7. NEWS RELEASE, 8. OPEN LETTER TO PBG & PAS, 9. PENSION EQUALIZATION PLAN, 10. RIGHTS AGREEMENT, and 11. SECTION 906 CERTIFICATE. The main content area shows a document titled "EX-3.1 2 y62816exv3w1.htm EX-3.1: AMENDED AND RESTATED CERTIFICATE OF INCORPORATION". A search box at the top of the document contains the word "Incorporation" and a left arrow button. The document text includes the title "AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF THE PEPSI BOTTLING GROUP, INC." and several paragraphs of text, including a definition of the corporation and a list of provisions. The bottom of the window shows the URL "sec.gov/Archives/ /y62816exv3w1.htm" and the page number "1/5".

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THE COMMONWEALTH OF MASSACHUSETTS

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Dated and Delivered: January 24, 2012

LIST OF CLOSING DOCUMENTS

Authorization and Sale of the Bonds

1. Governor's request letter
2. Certificate of the Secretary of the Finance Advisory Board and copy of Request for Waiver filed by the Office of the Treasurer and Receiver-General
3. Preliminary Official Statement
4. Official Statement
5. Bond Purchase Agreement between the Commonwealth and Citigroup Global Markets Inc., the Representative of the Underwriters

Certificates of Commonwealth Officers

6. Certificate of the Governor, Treasurer and Receiver-General and Secretary with respect to signatures and other matters
7. Tax and Swap Identification Certificate of the Treasurer and Receiver-General, including Certificate of the Representative of the Underwriters
8. Certificate of the Attorney General concerning litigation
9. Certificate of the Treasurer and Receiver-General and the Deputy Comptroller with respect to the direct debt limit
10. Certificate of the Treasurer and Receiver-General as to Compliance with Section 53A of Chapter 29
11. Certificate of Deputy Comptroller regarding Authorized/Unissued Debt
12. Certificate of the Treasurer and Receiver-General as to Bond Allocation, as contemplated by Section 49 of Chapter 29 of MGLA

13. Certificate of the Treasurer and Receiver-General and the Secretary of Administration and Finance addressed to the Underwriters, Nixon Peabody LLP and Edwards Wildman Palmer LLP

Refunding Related Documents

14. Verification Report of Causey, Demgen & Moore Inc.
15. Notice of Redemption for the 1998 Series A Bonds

Delivery of the Bonds

16. Cross Receipt
17. Specimen Bonds

Opinions

18. Opinions of Edwards Wildman Palmer LLP, addressed to the Treasurer and Receiver-General in the form of Appendix B to the Official Statement and reliance letter addressed to the Representative of the Underwriters relating to the Bonds
19. Supplemental Opinion of Edwards Wildman Palmer LLP
20. Opinion of Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C., Special Disclosure Counsel.
21. Opinion of Nixon Peabody LLP, Counsel to the Underwriters

Miscellaneous

22. Blanket Letter of Representations from the Commonwealth to The Depository Trust Company dated May 22, 1995
23. IRS Form 8038-G, with evidence of mailing
24. Evidence of ratings assigned to the Bonds
25. Report of the Treasurer and Receiver-General to the House and Senate Committees on Ways and Means regarding compliance with Massachusetts General Laws Chapter 29, Section 53A
26. Blue Sky Memoranda
27. Closing Memorandum
28. POST – CLOSING: Identifications of Swap Transactions; Certificate of Swap Advisor

January 24, 2012

His Excellency Deval L. Patrick
Governor of The Commonwealth
Of Massachusetts
State House
Boston, MA 02133

Dear Governor Patrick:

The attached Schedule A will serve as a guide to you and the Treasurer and Receiver-General in allocating the net proceeds of the \$171,145,000 Commonwealth of Massachusetts General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A (the "Refunding Bonds"), and the \$291,705,000 Commonwealth of Massachusetts General Obligation Bonds, Consolidated Loan of 2012, Series A (the "Consolidated Bonds"), under Chapter 29, Section 49 and Section 53A of the Massachusetts General Laws, and the statutes referenced in Schedule A (collectively, the "Statutes"). The net proceeds of the Refunding Bonds, in the amount of \$170,693,684.22, will be used to provide for the payment and refunding of certain general obligation bonds of the Commonwealth (the "Refunded SIFMA Bonds"), as set forth on Schedule B. Net proceeds of the Consolidated Bonds in the amount of \$191,195,000.00 will be applied to the refunding of certain other general obligation bonds of the Commonwealth (the "Refunded Consolidated Bonds"), as set forth on Schedule B, and net proceeds of the Consolidated Bonds in the amount of \$99,734,142.28 will be used to provide, under the Statutes, funds required to reimburse the General Fund and to meet currently projected capital expenditures.

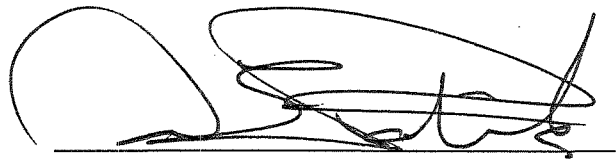
Respectfully submitted,



Jay Gonzalez
Secretary of Administration and Finance

I hereby request that the
Treasurer and Receiver-General
issue and sell the above-
referenced Bonds.

Dated: January 24, 2012



Deval L. Patrick
Governor

Schedule A

[Report 265 attached]

COMMONWEALTH OF MASSACHUSETTS

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BONDS AUTHORIZED AND UNISSUED
 THROUGH PERIOD 7, FY 2012

FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0007	CHILD WELFARE INFOSYS A95C96S5	\$0.00	\$0.00	\$146,309.44	\$146,309.44	\$0.00
0010	WATER POLLUTION CONTROL82	\$0.00	\$0.00	\$0.00	\$20,148,790.73	\$0.00
0011	STATE ARMORY LOAN 1982	\$1.00	\$0.00	\$0.00	\$338,406.62	\$0.00
0026	0026	\$0.00	\$0.00	\$0.00	\$50,000.00	\$0.00
0042	ENERGY CONSERV BD A83C700	\$0.00	\$0.00	\$0.00	\$34,005.67	\$0.00
005C	ACTS OF 1995 CH.263 S.3	\$5,625.00	\$36,535.00	(\$5,375.00)	\$3,170,813.58	\$0.00
0069	PARKING FACIL. LOAN 1980	\$0.00	\$0.00	\$0.00	\$22,779,384.57	\$0.00
007C	ACTS OF 1995 CH.277 S.5	\$301,335.43	\$908,652.66	\$0.00	\$939,209.21	\$0.00
0084	0084	\$0.00	\$0.00	\$511,164.49	\$0.00	\$0.00
0089	CAP. OUTLAY LOAN ACT 1978	\$0.00	\$0.00	(\$85.16)	\$0.00	\$0.00
008C	ACTS OF 1995 CH.277 S.11	\$0.00	\$0.00	(\$5.95)	\$0.00	\$0.00
0090	CAPITAL OUTLAY LOAN 1979	\$0.00	\$0.00	\$0.00	\$21,000.00	\$0.00
0092	CAPITAL OUTLAY LOAN 1980	\$0.00	\$0.00	\$0.00	\$6,063.19	\$0.00
010C	ENV. ENH. & OPSP&ACQ&PRESA96C15S3	\$115,160.00	\$1,678.87	(\$1,120.00)	\$770,660.25	\$0.00
0119	GREYLOCK GLEN DEV. LN. 1985	\$108,170.00	\$46,365.59	(\$14,202.50)	\$2,547,898.21	\$0.00
011C	ENV ENH&OPSPC&ACQ&PRESA96C15S2	\$0.00	\$0.00	(\$4,990,395.83)	\$7,303,759.75	\$0.00
0123	CH 123A 06S2BNONTAX	\$187,016.50	\$12,783,320.75	\$0.00	\$76,687,016.50	\$0.00
0126	DMH CAP OUTLAY A1987 C167 S.5	\$2,327,768.69	\$22,425.00	\$0.00	\$5,448,644.38	\$0.00
0127	CAPITL OUTLAY LN A87 C199 S127	\$0.00	\$0.00	\$0.00	\$175,203.89	\$0.00
0128	CAP OUT REPAIR LA87 C199 S129	\$0.00	\$0.00	(\$2,030.14)	\$0.00	\$0.00
012C	CRIMJUS. YTHSER&PRSEXP. A96C12S3	\$1,271,988.77	\$875,411.31	(\$385,120.98)	\$30,962,008.64	\$0.00
0133	HSG PRESV NGHBD DEV A93C494S6	\$12,324,494.77	\$1,861,546.14	(\$14,749.00)	\$13,825,490.73	\$0.00
013C	SEAPORT REVIL. LOAN A96C28S3	\$0.00	\$0.00	\$0.00	\$46,150,936.81	\$0.00
0140	TRANSP DEVEL & IMP. A94C273S2D	\$0.00	\$0.00	\$0.00	\$47,818,217.85	\$0.00
0142	TRANSP DEVEL & IMP. A94C273S2G	\$38,400.00	\$6,153.71	(\$3,332.01)	\$2,515,706.71	\$0.00
0144	HI ED CAP. OUTLAY LN A95C267S3	\$901,828.19	\$565,775.23	(\$29,000.00)	\$27,696,013.63	\$0.00
0145	CAP OUT EQP REPLMT A86 C206S77	\$0.00	\$0.00	\$0.00	\$12,595.04	\$0.00
014C	COMM. RAIL. CAP. ENHNCMT A96C28S5	\$0.00	\$0.00	\$0.00	\$35,000,000.00	\$0.00

COMMONWEALTH OF MASSACHUSETTS

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 THROUGH PERIOD 7, FY 2012

FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0150	PUBLIC HOUSING LOAN A87C226S4	\$0.00	\$0.00	\$0.00	\$259,972.77	\$0.00
0153	ENERGY CONSERVATN BD A87C670S3	\$0.00	\$0.00	\$0.00	\$697,408.10	\$0.00
0161	RAIL TRANS LN A88 C15 S27	\$0.00	\$0.00	\$289.76	\$682,392.51	\$0.00
0170	HIGHER ED FACIL LN A88C208S7	\$0.00	\$0.00	\$0.00	\$18,300,422.90	\$0.00
0173	CAP REP+CONST LN A88C208S17	\$0.00	\$0.00	\$1,089.41	\$1,190,412.01	\$0.00
0176	CAPITAL OUTL LN A88C164S94	\$0.00	\$0.00	\$0.00	\$1,723,315.49	\$0.00
0177	CAPITAL OUTL LN A88C164S95	\$0.00	\$0.00	\$0.00	\$3,489,255.30	\$0.00
0194	STATE HSE REN & IMP A92C69S19	\$2,315,394.13	\$637,088.95	(\$81.27)	\$3,491,098.85	\$0.00
0198	CAPITAL REPAIRS & IMPROVEMENTS	\$5,441,396.80	\$4,967,420.56	\$0.00	\$6,298,745.30	\$0.00
019C	RAIL TRNSP. LNA96C205S15	\$0.00	\$0.00	\$0.00	\$126,781.52	\$0.00
020C	AIRPORT CAP. OUTLAY A96C205S17	\$835,116.86	\$542,047.10	(\$23,476.13)	\$27,728,983.23	\$0.00
023C	METRO ST. HOSP. REDEV. LN OF 1996	\$0.00	\$0.00	\$146,310.09	\$233,142.76	\$0.00
027C	Capital Expenditure Act of 200	\$20,201,044.64	\$13,270,165.77	(\$577,549.04)	\$83,973,164.73	\$0.00
031C	ECON. DEV. FACILITIES A97C152S14	\$0.00	\$0.00	\$0.00	\$44,392,221.31	\$0.00
035C	HSING PRSV & NBHD LN S3C257A98	\$11,136.00	\$0.00	\$0.00	\$11,798.71	\$0.00
036C	SUFFOLK COURTHOUSE EXTERIOR	\$3,200.00	\$61,202.15	\$0.00	\$4,620,163.01	\$0.00
040C	C55S4A99HWYCAPIMPLN	\$0.00	\$0.00	\$0.00	\$950,105.11	\$0.00
045C	A2000C237S5	\$95,509.68	\$0.00	\$0.00	\$250,685.18	\$0.00
046C	A2000C237S6	\$0.00	\$0.00	\$0.00	\$1,598,173.92	\$0.00
047C	A2000C238S5	\$100,978.20	\$83,510.88	\$0.00	\$158,606.28	\$0.00
048C	A2000C245S5	\$0.00	\$0.00	\$0.00	\$155,961.08	\$0.00
055C	INFO-TECH LN A2002C142S3	\$2,368,619.60	\$2,257,965.40	\$322,156.66	\$11,877,176.31	\$0.00
056C	A2002 CH 236 SEC 3	\$2,755,095.89	\$1,562,970.22	(\$152,926.26)	\$89,160,390.42	\$0.00
057C	ACT2002C244SEC3	\$4,728,408.35	\$265,582.41	(\$41,790.41)	\$108,178,595.78	\$0.00
058C	A2002C245S4	\$4,061,898.73	\$228,677.75	(\$19,307.25)	\$78,544,486.51	\$0.00
059C	A202C246S4	\$6,406,797.94	\$877,088.42	(\$87,441.88)	\$30,196,417.66	\$0.00
060C	HWY SECURITY IMP PROGRAM LOAN	\$0.00	\$0.00	\$0.00	\$659,802.06	\$0.00
061C	INTERMODAL TRANS IMP LOAN '04	\$196,092.15	\$0.00	\$0.00	\$18,609,561.62	\$0.00

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FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
062C	RAIL TRANS ASSISTANCE LOAN ACT	\$620,979.74	\$489,046.41	(\$86,735.34)	\$3,393,770.56	\$0.00
063C	CAPITAL OUTLAY LOAN '04 - A04C	\$543,851.21	\$2,300,000.00	\$0.00	\$14,297,157.56	\$0.00
064C	MBTA SUBWAY & COMMUTER RAIL LO	\$0.00	\$0.00	\$0.00	\$849,750,000.00	\$0.00
066C	COURT IMP LOAN '04 - A04C290S3	\$15,597,533.66	\$12,948,872.96	(\$311,495.06)	\$56,998,353.74	\$0.00
067C	HOUSING PROD & MOD '04 - A04C2	\$5,587,690.06	\$3,348,213.68	\$0.00	\$5,781,686.06	\$0.00
073C	Housing for Low & Moderate Inc	\$77,830,364.25	\$33,300,015.06	(\$13,835,844.11)	\$545,855,113.34	\$0.00
074C	Housing for Low & Moderate Inc	\$137,474,537.76	\$27,375,109.25	(\$4,278,247.89)	\$400,763,425.58	\$0.00
075C	CH 240 ACTS OF 2010 SEC 2B	\$0.00	\$0.00	\$0.00	\$25,000,000.00	\$0.00
555C	A08 C258 S3 Public Higher Educ	\$293,907,359.60	\$85,934,807.49	(\$16,786,218.27)	\$1,875,689,808.66	\$0.00
563C	A08 C304 S16 Capital Facilitie	\$6,531,737.56	\$5,166,495.13	(\$101,523.32)	\$314,535,581.79	\$0.00
564C	A08 C304 S17 Capital Improveme	\$43,813,164.22	\$34,407,177.58	(\$10,362,912.84)	\$230,211,721.93	\$0.00
565C	A08 C304 S18 Capital Improveme	\$76,698,568.45	\$34,879,156.27	(\$5,978,358.84)	\$667,565,185.84	\$0.00
565L	A08 C304 S18 Capital Improveme	\$72,014,699.45	\$16,309,106.96	(\$1,435,339.07)	\$637,467,721.51	\$0.00
565T	A08 C304 S18 Capital Improveme	\$544,029.80	\$721,798.05	(\$3,276,560.27)	\$283,610,433.25	\$0.00
566L	A08 C304 S19 Capital Improveme	\$17,639,661.88	\$8,861,793.25	(\$39,381,903.75)	\$560,000,000.00	\$0.00
567C	A08 C312 S15 Preservation/Impr	\$58,941,986.84	\$41,430,184.81	(\$5,704,887.26)	\$981,147,295.92	\$0.00
568C	A08 C312 S16 Environmental Tr	\$10,622,714.35	\$7,473,093.53	(\$344,714.93)	\$269,135,768.65	\$0.00
569C	A08 C130 S46 Life Sciences Cen	\$5,424,816.35	\$22,146,387.56	(\$837,721.62)	\$404,762,537.97	\$0.00
570T	A08 C231 S2 MA Broadband Bill	\$24,298,307.10	\$1,264,938.14	\$0.00	\$24,298,307.10	\$0.00
AHT2	Affordable Housing Trust Fund	\$4,852.75	\$0.00	\$0.00	\$1,462,187.01	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$6,151,525.00	\$0.00	\$0.00	\$0.00
CEA7	Capital Expenditure Act of 200	\$60,524,117.87	\$28,668,041.65	(\$416,151.21)	\$101,695,582.48	\$0.00
Q123	CH 123A 06 S2BTAX	\$5,989,951.07	\$3,730,113.96	(\$126,673.78)	\$34,809,220.71	\$0.00
FUND TOTALS:		\$981,713,401.29	\$418,767,460.61	(\$108,485,956.52)	\$9,170,338,235.49	\$0.00

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FUND: 0201 Capital Investment Trust Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
028C	CAPITAL INVESTMENT TRUST FUND	\$0.00	\$0.00	\$0.00	\$101,968.40	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$0.00	\$101,968.40	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0203 Convention Center and Exhibition Center Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
032C	S. O. BNDS(CONV. CTR) A97C152S11	\$0.00	\$0.00	\$8,392,626.94	\$0.00	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$8,392,626.94	\$0.00	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0204 Capital Improvement and Investment Trust Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
041C	C55 ACTS OF 1999 S2A	\$0.00	\$0.00	(\$80,791.57)	\$150,364.92	\$0.00
043C	A2000C236S81	\$0.00	\$0.00	(\$40,322.49)	\$3,517,963.49	\$0.00
FUND TOTALS:		\$0.00	\$0.00	(\$121,114.06)	\$3,668,328.41	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0210 Highway Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0207	ACCEL TRANSP & DEV. A94C273S2A	\$1,116,705.87	\$124,572.45	(\$66,706.56)	\$8,000,914.77	\$0.00
0208	ACCEL TRANSP & DEV. A94C273S2B	\$422,947.59	\$127,351.52	\$0.00	\$2,733,727.67	\$0.00
0247	HIGHWAY IMPR LN, CH15, S10, A88	\$0.00	\$0.00	\$0.00	\$912,721.86	\$0.00
0253	HIGHWAY IMPROVEMNT LN A91C33S11	\$0.00	\$0.00	\$0.00	\$5,000,000.00	\$0.00
0255	HIGHWAY IMPROVEMNT LN A91C33S13	\$0.00	\$0.00	(\$0.90)	\$0.00	\$0.00
0268	HWY IMP LN A94C102S4	\$0.00	\$0.00	\$180,170.00	\$62,194.49	\$0.00
0269	Municipal Ways A11C10S2	\$157,961,526.32	\$41,924,224.68	(\$7,117,209.57)	\$165,192,984.89	\$0.00
503C	HWY IMPRVMT LN ACT A96C113S4	\$59,768.37	\$92,612.54	(\$2,253.75)	\$121,127.28	\$0.00
505C	HWY IMPRVMT LN A96C205S4	\$294,432.25	\$2,142,076.19	(\$237,692.66)	\$70,368,035.40	\$0.00
507C	HWY IMPRVMT LN A96C205S6	\$0.00	\$0.00	\$0.00	\$2,538.58	\$0.00
509C	INTERMODAL TRNP. IMP. A96C205S13	\$0.00	\$0.00	\$74,054.12	\$1,710,029.70	\$0.00
513C	PROJECT PLANNING & COORDINATN	\$4,974,754.22	\$953,772.79	(\$276,254.05)	\$90,271,122.59	\$0.00
517C	HWY IMPRVNT LN A07C27S8	\$90,026,143.92	\$18,896,066.61	(\$2,782,417.62)	\$116,600,675.05	\$0.00
521C	C53S2CA99HWYIMPLN	\$0.00	\$0.00	\$0.00	\$22.63	\$0.00
523C	C55S4A99HWYCAPIMPLN	\$72,184.58	\$880,262.36	(\$130,483.65)	\$512,293.59	\$0.00
527C	HWY IMP LN ACT 2000 A00C87S5	\$0.00	\$0.00	(\$1.88)	\$34,351,309.53	\$0.00
530C	A2000C235S5(2B)	\$5,602,347.73	\$2,520,750.47	(\$149,284.70)	\$85,252,539.82	\$0.00
531C	A2000C235S6(2C)	\$67,055.88	\$17,895.13	\$0.00	\$5,339,097.49	\$0.00
532C	A2000C235S7(2D)	\$600,362.85	\$0.00	\$0.00	\$1,330,021.38	\$0.00
533C	A2000C535S8(2E)	\$668,576.68	\$3,117,383.08	(\$246,750.96)	\$10,901,449.71	\$0.00
543C	SPEC OBL REV HWY IMP LOAN '04	\$47,508,531.60	\$14,332,899.70	(\$1,768,653.20)	\$211,994,375.13	\$0.00
544C	HWY IMP LOAN '04 - A04C291S5	\$58,095,873.54	\$17,141,766.86	(\$1,997,265.28)	\$75,661,960.84	\$0.00
545C	HWY IMP LOAN '04 - A04C291S6	\$0.00	\$0.00	\$0.00	\$3,007,792.94	\$0.00
546C	RTA IMP LOAN '04 - A04C291S8	\$306,078.00	\$0.00	(\$2,273,515.50)	\$3,977,614.97	\$0.00
547C	MOBILITY ASSISTANCE PROG IMP L	\$0.00	\$0.00	\$18,617.60	\$2,304.89	\$0.00
550C	Trans Imp Bill A08C86S2A	\$38,239,884.46	\$17,494,376.06	(\$994,099.07)	\$66,055,454.73	\$0.00
551C	Trans Imp Bill A08C86S2B	\$26,740,690.49	\$5,056,626.24	(\$731,084.04)	\$32,462,013.64	\$0.00
552C	Trans Imp Bill A08C86S2C	\$22,871.18	\$1,398,426.68	\$0.00	\$5,869,143.51	\$0.00

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FUND: 0210 Highway Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
553C	Trans Imp Bill A08C86S2D	\$37,887,134.50	\$13,447,673.80	(\$5,466,360.31)	\$689,898,756.81	\$0.00
554C	C233 8 A 08 Structurally Defi	\$280,694,012.44	\$172,743,902.88	(\$107,091,818.81)	\$2,311,413,298.24	\$0.00
556C	A08 C303 S47 Transportation Im	\$60,736,989.95	\$85,343,647.01	(\$47,815,832.23)	\$535,611,053.26	\$0.00
557C	A08 C303 S48 Transportation Im	\$103,161,550.44	\$31,310,567.09	(\$5,528,959.03)	\$202,636,318.04	\$0.00
558C	A08 C303 S49 Transportation Im	\$66,965,115.07	\$2,276,180.53	(\$17,337,613.24)	\$186,628,786.41	\$0.00
558T	A08 C303 S49 Transportation Im	\$0.00	\$0.00	\$0.00	\$20,000,000.00	\$0.00
559C	A08 C303 S50 Transportation Im	\$120,395.09	\$51,402.09	(\$9,837.50)	\$16,015,688.27	\$0.00
560C	A08 C303 S51 Transportation Im	\$0.00	\$0.00	\$0.00	\$72,000,000.00	\$0.00
561C	A08 C303 S52 Transportation Im	\$0.00	\$0.00	\$0.00	\$40,000,000.00	\$0.00
562C	A08 C303 S53 Transportation Im	\$0.00	\$0.00	\$0.00	\$15,366,500.00	\$0.00
572C	CH 240 ACTS OF 2010 SEC 2B	\$399,975.00	\$8,159,642.62	\$0.00	\$35,431,738.69	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$11,219,950.00	\$0.00	\$0.00	\$0.00
DR05	Cross Over Refunding 2005-A	\$0.00	\$0.00	\$1,824.49	\$0.00	\$0.00
FUND TOTALS:		\$982,745,908.02	\$450,774,029.38	(\$201,749,428.30)	\$5,122,695,606.80	\$0.00

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FUND: 0211 State Bond Share Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0252	HIGHWAY IMPROVEMNT LN A91C33S10	\$0.00	\$0.00	(\$1,047.00)	\$53,166,787.18	\$0.00
0287	HWY IMP LN A94C273S4	\$0.00	\$170,162.00	(\$976,876.00)	\$60,699,133.00	\$0.00
0288	HWY IMP LN A94C102S3	\$0.00	\$0.00	\$13,622.00	\$70,016,235.00	\$0.00
502C	HWY IMPRVMT LN ACT A96C113S3	\$0.00	(\$1.00)	(\$33,417.56)	\$7,982,434.56	\$0.00
504C	HWY IMPRVMT LN A96C205S3	\$0.00	\$0.00	\$0.00	\$4,488,943.00	\$0.00
510C	A97C11S3 HWY IMP LOAN 1997	\$0.00	\$0.00	\$0.38	\$38,321,046.62	\$0.00
511C	A97C11S5 HWY IMP LOAN 1997	\$0.00	\$0.00	\$0.00	\$57,585,090.00	\$0.00
512C	A97C11S9 HWYIMPLN 97GANS/BNDS	\$0.00	\$0.00	\$0.00	\$216,002.00	\$0.00
522C	C55S3A99HWYCAPIMPLN	\$0.00	\$7,584.00	(\$250,857.00)	\$284,740.00	\$0.00
526C	HWY IMP LN ACT 2000 A00C87S4	\$0.00	\$14,050.00	(\$82,825.00)	\$12,232,224.00	\$0.00
527C	HWY IMPRVNT LN A07C27S7	\$0.00	(\$1,309,080.00)	(\$47,862,106.94)	\$49,373,707.94	\$0.00
528C	A2000 C235 S3(2)	\$0.00	\$320,853.00	(\$5,131,183.67)	\$33,942,099.67	\$0.00
529C	A2000C235S4(2A)	\$0.00	\$0.00	(\$2,801,388.81)	\$167,313,390.80	\$0.00
541C	ACTS OF 2003 CH.40 SEC.3	\$0.00	(\$2,747,399.00)	(\$20,262,110.22)	\$39,966,359.22	\$0.00
542C	HWY IMP LOAN '04 - A04C291S3	\$0.00	\$475,636.00	(\$8,213,446.37)	\$27,050,601.37	\$0.00
549C	A08C86S2 Trans Imp Bill State	\$0.00	\$34,390,772.00	(\$114,807,898.74)	\$385,167,020.73	\$0.00
CAT1	CA/T (0202/0252) A91C33S10	\$0.00	\$0.00	\$0.00	\$10,216,908.00	\$0.00
CAT2	CA/T (0288) A94C102S3	\$0.00	\$0.00	(\$496.00)	\$22,358,452.00	\$0.00
CAT3	CA/T (0290/0287) A94C273S4	\$0.00	\$0.00	(\$1,822,449.00)	\$4,097,037.00	\$0.00
CAT4	CA/T (504C) A96C205S3	\$0.00	\$0.00	\$0.00	\$334,750.00	\$0.00
CAT5	CA/T (502C) A96C113S4	\$0.00	\$0.00	\$0.00	\$2,938,804.00	\$0.00
CAT6	CA/T (510C) A97C11S3	\$0.00	\$0.00	(\$43,609.00)	\$68,903,836.00	\$0.00
FUND TOTALS:		\$0.00	\$31,322,577.00	(\$202,276,088.93)	\$1,116,655,602.09	\$0.00

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FUND: 0212 Central Artery Statewide Road & Bridge Infrastructure Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
525C	CAT/TWT INF LN A2000 A00C87S3	\$861,006.70	\$23,324.45	\$5,998,085.51	\$4,282.86	\$0.00
538C	GO BOND SALE 2002C	\$56,664.12	\$2,840.42	\$85,586.82	\$0.00	\$0.00
C228	C/A CH 228 PROCEEDS	\$1,005,136.84	\$1,501,083.02	\$20,235,558.77	\$0.00	\$0.00
DFSD	OP FNDS TRFR A2000 C87S15	\$100.00	\$0.00	\$972.03	\$0.00	\$0.00
PKE3	MASS PIKE PMT A2000 C87 S11	\$0.00	\$0.00	\$147.95	\$0.00	\$0.00
PRT3	MASS PORT PMT A2000 C87 S11	\$100.00	\$0.00	\$226.50	\$0.00	\$0.00
RMV1	EXCESS RMV REVENUESS15C87A2000	\$1,007,165.23	\$236,598.91	\$52,056,421.52	\$0.00	\$0.00
FUND TOTALS:		\$2,930,172.89	\$1,763,846.80	\$78,376,999.10	\$4,282.86	\$0.00

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FUND: 0240 Metro Parks Capital

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0375	Met Parks Dis Loan	\$0.00	\$0.00	\$0.07	\$87,633.83	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$0.07	\$87,633.83	\$0.00

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FUND: 0271 Local Aid Capital Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0373	CHARLES RIV. WTR. QLTY. LN72	\$0.00	\$0.00	\$0.00	\$4,869.05	\$0.00
0603	LOC SLD WST FAC L&G A87C584S27	\$0.00	\$0.00	\$10,069.48	\$0.00	\$0.00
0607	CRTHSE CONST&REN LN A88C203S28	\$0.00	\$0.00	\$0.00	\$1,700.00	\$0.00
0608	IMPROVEMENT CT HSES A88C203S24	\$0.00	\$0.00	\$0.00	\$7,187.50	\$0.00
0613	CAP OTLY LN A94C85S3	\$8,550.00	\$34,257.00	(\$8,471.00)	\$1,028,095.24	\$0.00
0618	TRANSP DEVEL & IMP. A94C273S2K	\$0.00	\$0.00	\$0.00	\$9,914,237.31	\$0.00
0656	WATER POLLUTION CTRL F276 A85	\$0.00	\$0.00	\$0.00	\$7,331.00	\$0.00
700C	700C	\$0.00	\$0.00	\$10,835.00	(\$10,835.00)	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$8,704,025.00	\$0.00	\$0.00	\$0.00
SBA1	MASS SCHOOL BUILD ASSIS FUND L	\$0.00	\$0.00	\$0.01	(\$0.01)	\$0.00
FUND TOTALS:		\$8,550.00	\$8,738,282.00	\$12,433.49	\$10,952,585.09	\$0.00

COMMONWEALTH OF MASSACHUSETTS

REPORT ID: NGA265S
RUN DATE: 01-25-2012
RUN TIME: 00:34:17

PAGE : 13

BONDS AUTHORIZED AND UNISSUED
THROUGH PERIOD 7, FY 2012

FUND: 0278 Government Land Bank Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0650	GOVT LAND BANK FD LN A77C732S6	\$2,800,903.00	\$710,129.00	(\$602,904.00)	\$8,977,112.57	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$89,337.50	\$0.00	\$0.00	\$0.00
FUND TOTALS:		\$2,800,903.00	\$799,466.50	(\$602,904.00)	\$8,977,112.57	\$0.00

COMMONWEALTH OF MASSACHUSETTS

REPORT ID: NGA265S
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BONDS AUTHORIZED AND UNISSUED
THROUGH PERIOD 7, FY 2012

FUND: 0289 Bond Ahead Fund (Holding account - memo only)

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0000	Zero Subfund for 0289 Fund	\$0.00	\$0.00	\$113,368.59	\$0.00	\$0.00
0286	Bond ahead Sales in Advance of	\$0.00	\$0.00	\$1,047,374,465.21	\$0.00	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$1,047,487,833.80	\$0.00	\$0.00
GRAND FUND TOTALS:		\$1,970,198,935.20	\$912,165,662.29	\$621,034,401.59	\$15,433,481,355.54	\$0.00

Schedule B

Refunded SIFMA Bonds

The Commonwealth of Massachusetts General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A, maturing on February 1, 2012, in the amount of \$146,335,000.

The Commonwealth of Massachusetts General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A, maturing on February 1, 2012, in the amount of \$24,355,000.

Refunded Consolidated Bonds

The Commonwealth of Massachusetts General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A, maturing on September 1, 2016, in the amount of \$191,195,000.

The Commonwealth of Massachusetts

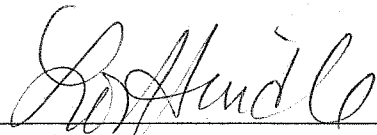
\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

FINANCE ADVISORY BOARD

Certificate of the Secretary

I, the undersigned, hereby certify that I am the Secretary of the Finance Advisory Board (the "Board") of The Commonwealth of Massachusetts and, in connection with the issuance of the Bonds, I hereby certify that at the meeting of the Board held on December 12, 2011, of which meeting due notice was given to all members of the Board and to the public in accordance with the requirements of the open meetings law and at which a quorum was present, votes were unanimously passed in connection with the sale of the Bonds, true copies of which are attached hereto.


Secretary

Dated: January 24, 2012

FINANCE ADVISORY BOARD

Board Vote for Derivative Financial Product Review:

RESOLVED: That the Board has received satisfactory information regarding the proposed bond transaction involving a new derivative financial product by The Commonwealth of Massachusetts as presented and deem the transaction reviewed with no additional conclusions required. The Board concludes that the items required to be submitted to the Board pursuant to 976 CMR 2.06 have been submitted in a manner consistent with the regulations.

Board Vote for Waiver from Competitive Sale:

RESOLVED: The Board concludes that the items required to be submitted to the Board pursuant to 976 CMR 2.08 have been submitted in a manner consistent with the regulations. The Board votes to authorize the Commonwealth (i) to issue up to \$500,000,000 in aggregate principal amount of bonds, for new-money and/or refunding issues in one or more transactions; (ii) to price the bonds in any such transactions on a date no later than February 29, 2012; and (iii) to sell any such bonds on a negotiated basis.



The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

99 Summer Street
Suite 1020
Boston, MA 02110-1240
617-330-6914
617-951-2361 fax
www.pfm.com

December 5, 2011

Memorandum

To: Colin MacNaught
Assistant Treasurer for Debt Management

From: Public Financial Management, Inc.

CC:

Re: Proposed SIFMA Index Bonds

Proposed Transaction

The Commonwealth is considering the issuance of three tranches of SIFMA Notes. The following will identify each of the proposed issuances and the rationale behind the Commonwealth's decision in each case.

1. The Commonwealth is anticipating financing the rollover of approximately \$150 million of the 2012 maturity of the Series 2010A SIFMA Notes and \$25 million of the 2012 maturity of the Series 2011A Notes. This is the second roll of these Notes and is being undertaken by the Commonwealth to reduce its exposure to outstanding bank risk by reducing its reliance on bank liquidity during this period of instability in the banking sector. The use of the SIFMA Note structure also contributes to diversity in the Commonwealth's debt portfolio and allows it to broaden the range of investors who own the Commonwealth's debt. It is anticipated that if the bank liquidity market stabilizes that these bonds may be converted back to VRDBs at some future date, given the original long-dated maturity of Series 2005 Bonds. This use of the SIFMA Notes is consistent with the Commonwealth's debt policy regarding issuance of SIFMA Notes as well as the debt policy regarding variable rate demand bonds.
2. The Commonwealth is also considering the issuance of an additional \$100 million of new money as part of the \$1.75 billion issuance of debt planned under the FY 2012 bond cap. The Commonwealth has developed a comprehensive asset/liability management strategy to reduce the interest rate risk across the Commonwealth's entire balance sheet. Under an asset/liability strategy, interest rate levels on the debt side are hedged by cash deposits on the asset side whose rates should move in a similar manner. The Commonwealth currently has in excess of \$4.5 billion of cash investments and deposits that are subject to movements in the short term interest rate market. In contrast, the Commonwealth has less than \$350 million of variable rate debt instruments. As currently structured, the Commonwealth's short term cash and deposit portfolio is heavily under-hedged by similar floating rate debt. With an asset/liability match, even if rates rise, the Commonwealth should be indifferent to the change in rates for the amount of variable rate debt hedged by its short term deposits.



Because of the current imbalance between short term assets and short term debt (\$4.5 billion versus \$350 million), the Commonwealth has significant capacity to issue more variable rate debt instruments to begin to bring the amount of assets and liabilities closer to balance. By selling a portion of the debt to be issued in FY 2012 as floating rate debt, the Commonwealth is actually reducing its interest rate exposure by issuing debt that will move in concert with the rates being earned on its short term assets.

The current steep shape of the yield curve also allows the Commonwealth access to significantly lower rates at the short end of the curve generating significantly large interest rate savings in comparison to issuing fixed rate bonds. It is estimated that issuing \$25 million in SIFMA Notes each year over the next four years versus issuing fixed rate bonds would generate just over \$1 million in debt service savings in comparison to fixed rate bonds. These savings are preserved even if a rising interest rate environment for the Notes should occur since the Notes would be hedged by rising investment income on the cash balances.

3. The Commonwealth is also considering refinancing the \$191.19 million of Series 1998A General Obligation Variable Rate Demand Bonds (the "Series 1998A Bonds"). The Commonwealth is currently considering an alternative structure to the existing Series 1998A Bonds which would be to issue SIFMA Notes. The Series 1998A Bonds mature in 2016 so that if these bonds are refunded with SIFMA Notes, preserving the original amortization, there will be the benefit of variable rates but without any rollover risk associated with the Notes. Therefore, refunding these bonds as SIFMA Notes removes the risk related to the bank facility without introducing any additional rollover risk.

The Series 1998A Bonds have a liquidity facility provided by J.P Morgan Chase that is scheduled to expire March 12, 2013. If the bonds are refinanced, that facility would be reassigned to another series of variable rate bonds in the Commonwealth's portfolio.

The Series 1998A Bonds currently have a cost of funds swaps associated with them. If the refunding of the Series 1998A goes forward, the rate that the Commonwealth will receive on the swap will change from the actual bond rate to either a percentage of LIBOR or SIFMA to provide a hedge to create a synthetic fixed rate on the bonds. The Commonwealth used this strategy last March in issuing \$538.12 million of SIFMA Index Bonds to refund the Series 2005A Bonds.

Overview of SIFMA Notes

SIFMA Notes differ from VRDBs in that they are structured with a fixed spread to the SIFMA index and have a specific maturity. Unlike VRDBs, they do not utilize bank liquidity because they do not have a put feature, i.e. investors cannot put bonds back to the Issuer on any remarketing date. Instead, the SIFMA Notes have interest rates which are set every Wednesday based on a fixed spread to the then current SIFMA Index published and the rate is effective for the following week until SIFMA is reset. There is passive remarketing of the bonds during this period through the stated maturity date and therefore there is no requirement for a remarketing agent. The bonds are



proposed to be structured with specific annual maturities in 2013, 2014, and 2015 and 2016. While there is rollover risk associated with SIFMA Notes issued for the 2012 maturities of the Series 2010A and 2011A SIFMA Notes, there is no rollover or financing risk associated with refinancing of Series 1998A Bonds because the final maturity for the Series 1998A Bonds is 2016.

Rationale for the Structure

The proposed issuance of SIFMA Notes for the (1) the rollover of \$175 million of the Series 2010A and 2011A SIFMA Note 2012 maturities; (2) the issuance of \$100 million of new money; and (3) the rollover of the conversion of the Series 1998A Bonds from VRDBs to SIFMA Index Bonds provide a number of positive benefits to the Commonwealth specifically focused on reducing risk. The proposed SIFMA Index Bonds achieve the following:

- **Reduces exposure to Bank risk.** By removing the requirement of having bank liquidity, the credit challenge experienced by both foreign and domestic banks over the past 2 years have exposed issuers of VRDBs to the declining credit quality of banks; which has translated into bonds being put back to issuers and exposes the Commonwealth to interest rate risk. In addition, shifting economics related to new bank regulations will challenge issuers to renew or replace facilities in a very competitive environment at potentially higher costs.
- **Eliminates remarketing risk.** By not having a put feature, the Commonwealth is protected from adverse market conditions that would allow investors to put bonds back to the bank and result in potentially higher interest rates for the Commonwealth. It also eliminates the need and expense of a remarketing agent.
- **Reduces interest rate risk through asset/liability matching.** By trying to create a better balance between the interest earned on the Commonwealth's short term cash investments and the interest paid on the Commonwealth's debt, interest rate risk is reduced as these two components move together even as rates rise.
- **Provides a significant reduction in cost.** The SIFMA Index Bonds are more cost effective than traditional VRDBs because they eliminate bank liquidity fees, trustee fees and remarketing fees.
- **Preserves bank liquidity capacity.** By eliminating the need for a liquidity facility on these bonds, liquidity capacity is preserved for other Commonwealth transactions. The Commonwealth currently has approximately \$2 billion in liquidity facilities that will be expiring between now and 2016. Removing the liquidity requirement from these bonds will free up a significant amount of liquidity that could be deployed on other outstanding bonds if cost effective.



- **Diversifies the Commonwealth's variable rate debt portfolio.** By utilizing SIFMA Notes, the Commonwealth is able to diversify its variable rate debt portfolio by accessing low variable rates but eliminating some of the risks related to VRDBs. There is also the additional benefit of broadening the base of potential investors by offering a structure that appeals to a different buyer base than traditional VRDBs.

Potential Risks

The major risk associated with SIFMA Notes is the roll-over risk that remains at the end of the initial maturity period. The Commonwealth would then decide what structure would be used to refinance the Bonds. The risk is that the Commonwealth would not have access to the market in order to refinance the Bonds at the time the bonds matured. In perspective however, this risk is minimal since the Commonwealth has demonstrated that even in times of great market distress such as October of 2008, it was able to sell \$750 million of RANS on its own credit. Also, from a practical perspective, the Commonwealth already has this risk with its outstanding bank liquidity debt because it must renew or replace liquidity facilities as they expire and is exposed to the risk of not being able to obtaining credit at aggressive rates. This roll-over risk also is present as the remarketing risk associated with VRDBs where the ability to continue to remarket the bonds is directly related to the credit quality of the liquidity provider.

- **Mitigating Factors** – There are several factors related to SIFMA Notes which reduce the roll-over risk at maturity. The Bonds are structured to be callable 6 months prior to maturity which provides the Commonwealth with a 9 month window to develop and implement a refinancing plan. There are several options available to the Commonwealth to refinance the Bonds. These options include: (1) sell new SIFMA Bonds with new serial maturities; (2) sell new VRDBs if the availability of bank liquidity becomes more cost effective; (3) unwind the swaps associated with the SIFMA Notes and sell traditional fixed rate bonds; (4) if longer term interest rates were high, the Commonwealth could choose to utilize its Commercial Paper program or sell Bond Anticipation Notes to provide interim financing; and (5) should the Commonwealth have no market access, cash could be used. It should be noted however, the SIFMA Notes as contemplated would have staggered maturities so that the entire amount would not be required to be refinanced at once and the Commonwealth has significant amounts of principal maturing over the next 5 years which will create additional capacity that does not currently exist. These options significantly reduce any roll-over risk associated with the maturity of individual serial bonds.

Recommendation

Public Financial Management, Inc. has reviewed the benefits and risks to the Commonwealth associated with the proposed issuance of SIFMA Notes. We believe that this structure is appropriate for the Commonwealth to implement because it reduces risk to the Commonwealth by: (1) eliminating bank credit risk and remarketing risk; (2) diversifies the Commonwealth's variable rate portfolio and broadens its investor base; (3) helps to achieve a better overall asset-liability balance in the investment and debt portfolio and (4) allows the Commonwealth to take advantage of debt



service savings by staying on the short end of the steep yield curve. This structure also produces a lower all-in cost relative to the alternative variable rate demand bond option.

We also believe that the roll-over risk associated with the SIFMA Notes is a risk that the Commonwealth already has through the bank credit renewal risk on its current VRDBs, and that the structure of the call period prior to the maturity of the bonds provides significant protection against any roll-over/refinancing risk that may be present. In the case of the Series 1998A Bonds refunding, as was stated earlier, this risk does not exist for the SIFMA Notes which will refinance the Series 1998A Bonds because their final maturity is co-terminus with the original maturity of the Series 1998A Bonds.

December 12, 2011

VIA ELECTRONIC MAIL AND BY HAND DELIVERY

Neil Arkuss, Chair
Finance Advisory Board
c/o Lori Hindle
Executive Office for Administration and Finance
State House, Room 373
Boston, Massachusetts 02133

Re: Waiver from Presumption of a Competitively Bid Financing

Under recently adopted regulations, 976 CMR 2.01 through 2.08 (the "FAB Regulations"), the Finance Advisory Board (the "Board") has determined that a condition precedent to the sale of bonds issued by a State Entity Authorized to Issue Debt, as defined in the FAB Regulations, including the Commonwealth of Massachusetts, on a negotiated basis is that such state entity receive a waiver from the Board from the presumption of a competitively bid financing. General Laws Chapter 29, Section 53, also requires that bonds or notes of the Commonwealth maturing more than three years from their date shall be issued pursuant to a competitive process, unless the Board waives compliance with such competitive process. The Commonwealth expects to issue one or more series of bonds for new money or refunding purposes and is seeking a waiver from the Board in order to sell bonds in a negotiated manner.

The bonds covered by this waiver request are expected to refund certain SIFMA Index Bonds that are maturing on February 1, 2012. Refunding SIFMA Index Bonds may also be issued to refund certain variable rate bonds originally issued in 1998. As part of the plan of finance, a small amount of SIFMA Index Bonds are expected to be issued for new-money needs for the purpose of providing funding to the Commonwealth's capital infrastructure program for Fiscal 2012. The waiver request will allow the issuance of up to \$500 million of new money and refunding bonds by February 29, 2012. Transactions of this size and complexity could not be structured without the assistance of outside advisors and underwriters. Therefore, the Commonwealth believes the sale of the bonds on a negotiated basis is compelling.

Enclosed with this letter as Exhibit A is the customary form of waiver request submitted to the Board for other negotiated bond issues.

As required by the FAB Regulations, the office of the Treasurer and Receiver-General is in the process of formalizing and adopting all of the policies required by the FAB. Copies of the Method of Sale Policy, the Underwriting Policies and Procedures for Negotiated Bond Sales, the Interest Rate Swap Policy, and the SIFMA Note Management Policy that the office of the Treasurer and Receiver-General has developed have already been provided to the Board. These


policies are currently under review by the Treasurer and Receiver-General.

In accordance with the FAB Regulations, the undersigned, Treasurer and Receiver-General of the Commonwealth, does hereby certify that the Commonwealth is aware that the bonds will be sold on a negotiated basis and approves the sale on such basis of the bonds covered by this waiver request.

Based upon all of the information available to me and the office of the Treasurer and Receiver-General, this request for a waiver from the presumption of a competitively bid financing demonstrates that (i) the process or criteria to determine the method of sale set forth in 976 CMR 2.08 has been followed; (ii) Exhibit A explains why the Commonwealth believes negotiation is compelling; (iii) the waiver will expire on February 29, 2012; (iv) the amount of bonds to be issued pursuant to this waiver will not exceed \$500,000,000 and (v) how the proceeds of the bonds will be used.

The waiver requested by the Department in accordance with this letter, if granted, will expire on February 29, 2012.

THE COMMONWEALTH OF
MASSACHUSETTS

By: 
Steven Grossman
Treasurer and Receiver-General

REQUEST FOR WAIVER
Refunding or New Money Bonds
December 12, 2011

The Treasurer and Receiver - General of the Commonwealth of Massachusetts hereby requests the Finance Advisory Board to waive the requirements of Section 53 of Chapter 29 of the Massachusetts General Laws providing for the sale, pursuant to invitations for proposals for the purchase by advertisement, of the bonds described below for the reasons set forth in this request. This Request for Waiver also constitutes a request for a waiver from presumption of a competitively bid financing pursuant to 976 CMR 2.08.

Although the Commonwealth approaches each transaction under the assumption that the borrowing will be conducted via competitive sale, a waiver to sell bonds in a negotiated manner provides the Commonwealth with much-needed flexibility to structure its bonds based on market demand, with the goal of achieving the lowest cost of borrowing while taking on the least amount of risk possible, should market conditions or the structure of the transaction warrant such flexibility.

This request is based on a number of conditions which support the sale of any of such bonds on a negotiated basis rather than pursuant to invitations for proposals for purchase by advertisement and competitive sale:

1. The bonds to be issued pursuant to this waiver will be structured as variable rate bonds whose interest rates will be re-set based on changes to the SIFMA Index. While the market for these bonds is growing, investor demand is not unlimited and can be subject to market conditions and bond fund flows. The ability of the Commonwealth to move bonds from one maturity to another during the pricing process, to re-size maturities or adjust the maturity schedule, based on real-time investor demand and pricing indications is in the best interests of the Commonwealth.
2. Some or all of the bonds are expected to be issued as refunding bonds. Refunding transactions are complex financings. Efficient implementation of refunding transactions can require restructuring of bonds – by coupon, by maturity, etc. – based on real-time investor demand. That critical market feedback, that is used to structure the refunding, can only be obtained through a negotiated sale process.
3. Some bonds may be offered to retail investors during early order periods in which only retail investors are allowed to place orders for bonds. Retail investors are the largest holder of Commonwealth bonds. Offering bonds to individual investors is not possible via competitive bond sales because Commonwealth bond sales are

typically large transactions with bids solicited from institutional investors in an all-or-nothing manner.

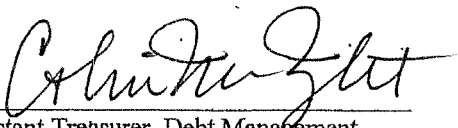
4. The structure of the bonds being sold -- SIFMA Index Notes -- cannot be priced efficiently using the electronic bidding platform that the Commonwealth and most of the market uses for its competitive sales.

Based on these factors, we believe the Commonwealth and taxpayers receive the maximum fiscal benefit through the utilization of negotiated bond sales for the expected transaction(s). Therefore, it is requested that the Finance Advisory Board waive the requirements of Section 53 of Chapter 29 of the Massachusetts General Laws and waive the presumption of a competitively bid financing under 976 CMR 2.08, pursuant to the adoption of the following resolution, with respect to the transactions described:

RESOLVED: The Board concludes that the items required to be submitted to the Board pursuant to 976 CMR 2.08 have been submitted in a manner consistent with the regulations. The Board votes to authorize the Commonwealth (i) to issue up to \$500,000,000 in aggregate principal amount of bonds, for new-money and/or refunding issues in one or more transactions; (ii) to price the bonds in any such transactions on a date no later than February 29, 2012; and (iii) to sell any such bonds on a negotiated basis.

Respectfully Submitted,

For the Treasurer and Receiver-General

By 
Assistant Treasurer, Debt Management

Authorization Regarding the Issuance of General Obligation SIFMA Index Bonds

In accordance with Chapter 10 of the Acts of 2009, and 976 CMR 2.06 promulgated thereunder, The Commonwealth of Massachusetts (the "Commonwealth") is required to submit to the Finance Advisory Board for its review the proposed issuance of its General Obligation SIFMA Index Bonds, for both refunding and new money purposes, (the "Bonds"), as the variable rate on such bonds falls within the broad definition of "derivative financial product."

The Commonwealth's financial advisor on this transaction, The PFM Group, has analyzed the terms of the proposed bonds and recommended that the Commonwealth issues the required amount of bonds, as described in the report that is attached.

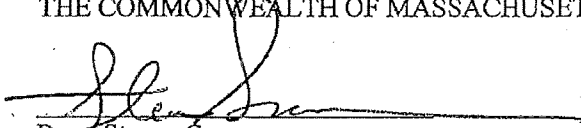
The Bonds are expected to be issued for two purposes. At least \$175 mm of SIFMA Index Bonds are expected to be issued to refund the February 1, 2012 maturity of outstanding SIFMA Index Bonds that were issued in 2010 and 2011. The proceeds of additional SIFMA Index Bonds may be issued may be used to refund the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A (the "1998 Refunded Bonds"). It should be noted that the 1998 Refunded Bonds are currently hedged by interest rate swap agreements with Citi Swapco Inc. and Deutsche Bank AG. If SIFMA Index Bonds were issued to refund the 1998 Refunded Bonds, the variable rate payable to the Commonwealth under the Citi Swapco Inc. swap agreement will either become a percentage of LIBOR or SIFMA. The change in variable rate payment to the Commonwealth under the swap will be factored into the cost-benefit analysis of overall consideration of the refunding.

The second purpose for which SIFMA Index Bonds are expected to be issued is for new-money purposes. According to the Administrative Bond Cap, \$1.75 bn in bonds will be issued in Fiscal 2012 to fund the Commonwealth's capital infrastructure program. Issuing a portion of the \$1.75 bn as variable rate bonds, instead of issuing all of the bonds as fixed-rate bonds, will improve the Commonwealth's asset-liability match across its balance sheet and is expected to reduce the interest costs on the bonds to be issued. With this transaction, the Commonwealth expects to issue approximately \$100 mm to \$125 mm of new-money SIFMA Index Bonds, the Commonwealth's first issuance of variable rate debt for new-money purposes since early 2007.

I hereby confirm (i) receipt of the written analysis and recommendation of the Commonwealth's financial advisor on this transaction, The PFM Group, (ii) that the transaction is consistent with the Commonwealth's core mission, (iii) the structure of the SIFMA Index bonds and the related interest rate swap agreements are consistent in all ways with the debt and derivative policies of the Office of the State Treasurer and (iv) the benefits of issuing the bonds cannot be substantively achieved without issuing them as SIFMA Index Bonds.

I hereby authorize the transaction described herein and direct the Assistant Treasurer for Debt Management to seek Finance Advisory Board review of the proposed issuance of General Obligation SIFMA Index Bonds.

THE COMMONWEALTH OF MASSACHUSETTS



By: Steven Grossman

Title: Treasurer and Receiver-General

December 12, 2011

F.A.B.: Results of Recent Bond & Notes Sales and Waiver for Negotiated Bond Sales & Derivative Review

Colin MacNaught, Assistant State Treasurer

Office of State Treasurer Steven Grossman

December 12, 2011



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- I. Review & Recap of 2011 Bond and Note Activity
- II. Waiver Application
- III. Derivative Review
- IV. Other Notable Debt-Related News



2011 Review & Recap of FY2011 Bond and Note Activity

- The State Treasurer's Office (STO) has executed 1 bond sale and one note sale during Fiscal 2011
- Both have been done via competitive sale
- Bonds: \$500.525 mm Series 2011 D Consolidated Loan
 - Largest competitive sale in the Commonwealth's history
- Notes: \$1.2 bn Series 2011 A&B Revenue Anticipation Notes
 - Cash flow borrowing to ensure sufficient liquidity for state operations over the course of the Fiscal Year



Review of \$500.525 mm Series 2011 D Competitive Bond Sale

- Largest competitive bond sale in the state's history (based on existing records in the State Treasurer's
- Bond sale undertaken right after S&P upgraded the state's GO rating to 'AA+' from 'AA'
- The bonds were sold as tax-exempt bonds to retail and intermediate term investors
 - This was the Commonwealth's second competitive bid of tax-exempt bonds in calendar 2011
- This sale also incorporated a small current refunding
 - The outstanding 2001 C Bonds contained two currently callable maturities that were callable at par on 12/1/2012.
 - The Commonwealth replaced the two high coupon bonds, producing savings of approximately \$1 mm to be realized over the next year
 - First competitive sale with refunding component in at least four years
- Prior to the sale, the STO contacted more than 100 institutional investors
- Bid results: Total of 9 bids received
- Winning bid was Bank of America Merrill Lynch at a True Interest Cost of 2.969%
 - 5 bids were within 9 bps of winning bid



Review of \$1.2 bn Series 2011 A&B Revenue Anticipation Notes

- The Commonwealth's need for cash flow borrowing was impacted by the strong FY11 operation results
 - According to the Statutory Basis Financial Report, revenues exceed expenditures in FY11 by nearly \$1 bn
- This allowed the state to make its largest single deposit to the Stabilization Fund in the Fund's 25 year history
 - While flush with cash until the transfer to the Stab. Fund, the Commonwealth did not have to undertake its cash flow borrowing until November (typically done in Aug. or Sept.)
 - The STO also scheduled the 2011 RANs to be repaid sooner (by the end of May 2012)
- RANs received the three highest ratings from the rating agencies
- For third consecutive year, notes were sold competitively
- To stimulate more competitive, minimum bid size on the notes was lowered to \$50 mm
- Bid results: Total of 41 bids were received for the Series A from 17 different bidders, 40 bids received for the Series B from 17 different bidders
 - Bid-to-cover ratio for both series was over 9.1x (over \$5.5 bn in bids for each series)
- 3 firms were awarded Series A Notes at a TIC of 0.102%
- 3 firms were awarded the Series B Notes at a TIC of 0.105%



Calendar 2011 Review & Recap

- The STO has successfully used a mix of both competitive sales and negotiated sales to achieve the necessary financings for the Commonwealth in calendar 2011
- A total of five different bonds sales: two competitive, three negotiated (including two refundings)
- By par, **56%** has been sold competitively and **44%** has been sold negotiated
- By comparison, market-wide, **21%** of all bonds have been sold competitive and **79%** negotiated
- A total of one notes sale: one competitive



Waiver for Negotiated Bond Sales



Waiver Application

- The Commonwealth's use of FAB waivers from competitive sales continues to be prudent
- The Commonwealth approaches all transactions under the assumption that bonds will be sold on a competitive basis
- However, when market conditions or the structure of the bonds warrant the flexibility of a negotiated sale, the Commonwealth has sought a waiver from the requirements of Section 53 of Chapter 29 of the M.G.L.'s
- Waiver applications have been consistent, laying out the various conditions for which the Commonwealth seeks the flexibility of the negotiated sale method in order to try to sell Commonwealth bonds more efficiently and at lower yields
- All waivers have had dates of expiration – they are not open-ended
- The results of the sales conducted during 2011 – both the negotiated and the competitive sales – have been successful



Waiver Application

- The Commonwealth is now seeking a waiver to undertake one or more refunding transactions in the coming weeks
- One refunding transaction will refund the existing 2012 maturity the STO sold in 2010 and 2011 as part of the 2010 A Refunding using SIFMA Index Notes
- SIFMA Notes are floating rate bonds that re-set passively (no actual remarketing) based on changes to the SIFMA Index.
- SIFMA Index Notes do not require bank liquidity facilities because investors do not have a “put” feature to sell the bonds back to the issuer
- By choosing to refund the Series 2005 VRDBs using SIFMA Index Notes, the STO reduced the Commonwealth’s bank facility portfolio significantly, reducing LOC renewal risk, reduced remarketing risk, and reduced our “put” risk
- The Commonwealth also saved an estimated \$7.5 million
- The STO is currently looking at other refunding opportunities using SIFMA Index Notes in order to continue to reduce further the Commonwealth’s LOC portfolio and LOC renewal risk
 - This additional refunding is subject to market conditions
- As part of the refunding, the Commonwealth may consider a small amount of new-money borrowing using SIFMA Index Notes
- Both the additional refunding mentioned above and the new money component are part of the STO’s FY12 Plan of Finance

Waiver Application

- The new-money portion of the waiver – currently expected to be \$100 mm – would be a small part of the Commonwealth's overall \$1.75 bn borrowing needs for FY12 ("Bond Cap")
- As part of the FY12 Plan of Finance, the STO determined to structure future financings within an Asset-Liability Management approach in order to reduce interest rate risk balance sheet wide
- With the recent FY11 surplus and large deposit to the Stabilization Fund, the state's assets of \$4.5 bn - \$5 bn exposed to interest rate risk (in terms of reinvestment) are much larger than the interest rate risk on the liability side of the balance sheet (under \$350 mm of unhedged variable rate debt)
- The use of some portion of the FY12 Bond Cap in the form of variable rate instead of all fixed rate will reduce the state's interest rate risk overall, leading to more predictable cash flows and budgeting
- In addition, given the current steepness of the yield curve, floating rate debt is less expensive than fixed rate debt
- The use of \$100 mm of 1 Year to 5 Year SIFMA Index Notes – instead of fixed-rate debt – would save the state over \$1 mm in interest costs (estimate based on current market conditions)
- The STO has been in contact with I Preo to see if their bidding platform, Parity, could be adjusted to accept and award bids for a SIFMA Note sale based on spread to the SIFMA Index (instead of TIC) – the Parity system cannot be adjusted to handle how these bonds will price

Derivative Review for Refunding/New-Money SIFMA Index Notes



Review of Derivative Transaction

- Like other large issuers, the Commonwealth's debt portfolio includes various structures of variable rate bonds
- The most often used structure of variable rate bonds in the municipal market place – and by the Commonwealth – are variable rate demand bonds ("VRDBs")
- VRDBs are variable rate bonds whose interest rates are re-set through a remarketing process at various modes (daily, weekly, or monthly)
 - The Commonwealth has both daily and weekly re-setting VRDBs
- The market for VRDBs is mature and is estimated to be as big as \$400 billion
- However, VRDBs rely on third party bank lines of credit
- Bank lines of credit have become extremely scarce and expensive
- As a result of the financial crisis in 2008, a number of large providers of LOCs have left the market
 - This represents a significant supply / capacity issue as tens of billions of dollars of existing LOCs expire with issuers seeking to renew
- Basel III capital accords will make LOC pricing even worse



SIFMA Index Bonds

- Demand for SIFMA Index Bonds provide the opportunity for the Commonwealth to reduce risk, diversify its variable rate portfolio, refund necessary bonds, and reduce its overall borrowing costs

Advantages for Commonwealth of SIFMA Index Bonds

- The Commonwealth can take advantage of low short-term rates and demand from intermediate duration funds by issuing SIFMA Index Bonds
- SIFMA Index Bonds have a variable coupon similar to traditional VRDBs and are issued with a fixed spread to SIFMA over the life of the bonds
- No put risk, just hard serial maturities, like Treasury Bills / Notes
- Priced as a fixed spread to SIFMA Index with index adjusting every week
- No remarketing / no remarketing risk / no remarketing fees paid (passive remarketing)
- Refinanced at the end of the initial period with another series of SIFMA Index bonds, bank liquidity-backed VRDBs or fixed rate debt

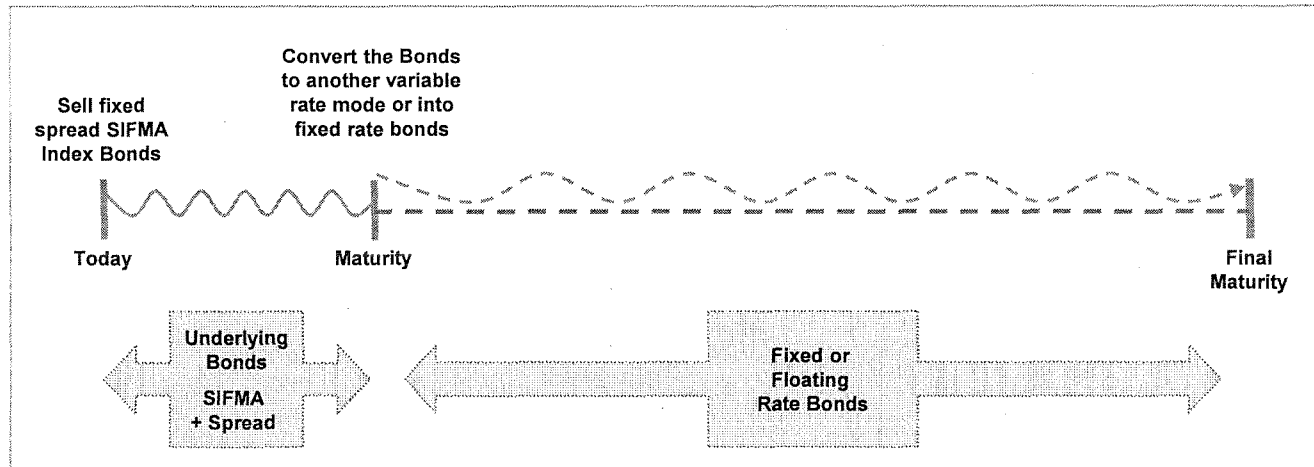
Benefits

- Less risk in Commonwealth's portfolio of debt liabilities
- Material cost of funds advantage over bank liquidity-backed VRDBs
- Alternative to accessing the bank liquidity market, helping to reduce future bank capacity/pricing risk on Commonwealth's other expiring facilities over next two years



Mechanics of SIFMA Index Bonds

SIFMA Indexed Bonds – Mechanics



- Interest is determined by weekly SIFMA resets plus the fixed spread
 - Interest rate is calculated every Wednesday (based on that day's SIFMA rate) and effective Thursday through the following Wednesday
 - Interest is computed based on an actual/365 basis
 - Interest is paid monthly
 - Maximum interest rate is 12%
- The Bonds are subject to optional redemption **6 months prior** to maturity at par
 - Tax law limit effectively creates **9 month window** to refinance each maturity when including 90 day current call feature

Existing Interest Rate Swap Provides Hedge Against SIFMA

- The FAB reviewed the initial SIFMA Index Note Derivative Structure in Feb 2010 and again in Jan 2011
- The transaction was very well received by the rating agencies and investors.
- In its report, Moody's stated, ***"Moody's considers the transaction, as currently structured, to be a credit positive for the Commonwealth. Unlike VRDBs, this transaction has no bank counterparty risk and is not subject to the risk of replacing liquidity as it expires. This transaction also diversifies the Commonwealth's debt portfolio..."***
- In connection with the original Series 2005 A Refunding, the Commonwealth entered into a floating to fixed rate interest rate swap to synthetically fix its interests costs over the life of the bonds (providing hedge, providing budgetary certainty, and tax compliance certainty)
- Existing interest rate swap hedge mitigates concerns of rising interest costs due to higher re-sets of the SIFMA Index
- The Commonwealth's interest costs will be fixed, providing budgetary and cash flow certainty on debt service
- Existing interest rate swap hedge mitigates concerns of refinancing SIFMA Notes in a rising interest rate environment
- If market conditions are strong and the STO proceeds with another refunding of outstanding VRDBs utilizing SIFMA Index Notes, the floating rate paid to the Commonwealth on the existing cost-of-funds swap on the VRDBs (all of the Commonwealth's VRDBs are swapped via floating-to-fixed interest rate swaps) will change to a SIFMA or LIBOR based swap
 - Depending on the new floating rate, the Commonwealth may be exposed to basis risk and additional costs
 - That will be factored into the analysis of whether to proceed with the refunding or not

Plan of Finance for SIFMA Index Roll

Plan of Finance

- Refinance \$175 mm of Series 2012 SIFMA Index Bonds into Series 2012 A SIFMA Index Bonds

Structure of SIFMA Index Bonds

- Maturities from 2013 through 2017 with exact number of maturities and par amount per maturity based upon market demand and the relative spread
 - 1 year SIFMA Index Bonds eligible for money market funds; as well as Notes 1 year from maturity
 - May be sold competitively via sealed bid

Major Benefits of SIFMA Index Bonds

- SIFMA Index Bonds do not require a bank facility or remarketing agent
- Commonwealth has no put risk, no remarketing risk and no bank counterparty risk
 - No payment of any bank facility or remarketing fees
- Significantly lower all-in cost relative to variable rate demand bonds
- Diversifies Commonwealth's variable rate portfolio and reduces reliance on bank facilities
- Increased capacity for future bank facilities

Risks of SIFMA Index Bonds

- Commonwealth's ability to access the market prior to maturity
- Similar roll-over risk to any Bond Anticipation Note or variable rate credit facility that the Commonwealth already experiences



Refinancing Options

- The Commonwealth has a variety of options for the SIFMA Index Bonds at maturity
 - SIFMA Index Bonds are callable 6 months prior to maturity date; **9 month window to make a decision on take-out strategy**
- The Commonwealth has examined various alternatives for refinancing the SIFMA Index Bonds at maturity
- Use of this structure will be limited in order to maintain maximum refinancing options

A	Sell new SIFMA Index Bonds
B	Sell Variable Rate Demand Bonds (if liquidity costs decline)
C	Sell fixed rate bonds, requiring accounting of swaps
D	Draw on Commonwealth's \$800MM Commercial Paper program / sell Bond Anticipation Notes
E	Utilize cash in the event of no market access <ul style="list-style-type: none">• Staggered maturities and par amount limit exposure of Commonwealth• Commonwealth has over \$1BN of principal maturing annually over next 5 years

- Financing goal / intent is to maintain existing amortization schedule of Series 2005A Refunding Bonds through 2028



Conclusion

- The Commonwealth is now seeking a waiver and derivative review to roll the 2012 maturity of the outstanding SIFMA Index Notes, as well as other refunding and potentially new-money opportunities using that structure
- The goal of the other refunding and the new-money component is to reduce risk within the debt portfolio and reduce interest rate risk balance-sheet wide
- For example, while the refunding is market condition dependent, the primary objective of such a financing would be to reduce further the Commonwealth's reliance on bank liquidity and the risks associated with that product
- The bonds may be sold directly to retail investors via a retail-only order period
 - Retail is the larger holder class of municipal bonds
 - There are long-term benefits to the Commonwealth's borrowing program to have its bonds as widely held as possible
- If market conditions were strong, the STO may consider a fixed-rate competitive sale to accompany the SIFMA Note transaction



Waiver Application

- The Commonwealth is now seeking a waiver for up to \$500 mm in borrowing:
 - 2011 SIFMA Index Note Roll - approx. \$175 mm
 - Other SIFMA Note Refunding Opportunities and New Money SIFMA Index Notes – approx. \$325 mm*
- Waiver expires 02/29/2011

Please Note: Refundings, size of each potential refunding, and the new-money portion of the transaction, if any, are preliminary and subject to change



Other Debt-Related News

- The Commonwealth held its first annual institutional investor conference on Friday, December 2nd at the Boston Convention & Exhibition Center
- More than 250 attendees, including major institutional investors, issuers, dealer salesmen, etc
- Nine issuers, including the Commonwealth, presented to the conferees
- Conference also featured two investor and issuer roundtables
- Institutional investors represented at the conference included:
 - Blackrock
 - Fidelity
 - Standish
 - Putnam
 - Eaton Vance
 - MFS
 - Liberty Mutual
 - MFS
 - John Hancock



Other Debt-Related News

- On Thursday, December 8th, the Commonwealth was awarded *The Bond Buyer* “Deal of the Year Award” for the Accelerated Bridge Program (ABP) financings executed in December 2010
- The transaction also won the regional Deal of the Year Award for the northeast region
- First time Massachusetts has won either prize
- Five regional winners from around the country were nominated for the national award
- More than 80 nominations were entered for the 2011 Deal of the Year Award
- Massachusetts was honored for the complexity of the different transactions and indenture changes, the innovation used in structuring and securing the bonds, the use of both tax-exempt and taxable (Build America Bonds) markets, the very high credit ratings associated with the inaugural ABP financings, the investor outreach, and the final pricing results



REFUNDING/NEW MONEY ISSUE - BOOK-ENTRY-ONLY

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.



THE COMMONWEALTH OF MASSACHUSETTS

\$171,240,000*

**General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A**

\$291,815,000*

**General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)**

Dated: Date of Delivery

Due: As shown on the inside cover hereof

The Bonds will be issued by means of a book-entry-only system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants. Details of payment of the Bonds are more fully described in this Official Statement.

The Bonds will bear interest from their delivery date. Interest on the Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, and will be payable on the first Business Day of each month, commencing February 1, 2012. The Bonds are subject to redemption prior to maturity as more fully described herein.*

The Bonds will constitute general obligations of The Commonwealth of Massachusetts (the "Commonwealth"), and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and on expenditures for debt service, see "SECURITY FOR THE BONDS" (herein) and the Commonwealth Information Statement (described herein) under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; Limit on Debt Service Appropriations."

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the unqualified approving opinion as to legality of Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Commonwealth by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, Boston, Massachusetts. The Bonds are expected to be available for delivery at DTC in New York, New York, on or about January 24, 2012.

Citigroup

BofA Merrill Lynch

**Barclays Capital
Jefferies & Company
Raymond James & Associates, Inc.**

**Fidelity Capital Markets
Morgan Keegan**

Morgan Stanley

**J.P. Morgan
Ramirez & Co., Inc.
Siebert Brandford Shank & Co., LLC**

January __, 2012

* Preliminary, subject to change.

THE COMMONWEALTH OF MASSACHUSETTS

\$171,240,000*

General Obligation Refunding Bonds (SIFMA Index Bonds) 2012 Series A

Dated: Date of Delivery

Due: February 1, as shown below

<u>Maturity</u> *	<u>Amount</u> *	<u>Interest Rate</u> (variable)	<u>Price</u>	<u>CUSIP</u> <u>Number</u> **
2013	\$35,000,000	SIFMA Rate [†] plus _____%	%	
2014	35,000,000	SIFMA Rate [†] plus _____%		
2015	35,000,000	SIFMA Rate [†] plus _____%		
2016	35,000,000	SIFMA Rate [†] plus _____%		
2017	31,240,000	SIFMA Rate [†] plus _____%		

\$291,815,000*

General Obligation Bonds Consolidated Loan of 2012, Series A (SIFMA Index Bonds)

Dated: Date of Delivery

Due: September 1, as shown below

<u>Maturity</u> *	<u>Amount</u> *	<u>Interest Rate</u> (variable)	<u>Price</u>	<u>CUSIP</u> <u>Number</u> **
2012	\$65,205,000	SIFMA Rate [†] plus _____%	%	
2013	56,125,000	SIFMA Rate [†] plus _____%		
2014	77,615,000	SIFMA Rate [†] plus _____%		
2015	72,165,000	SIFMA Rate [†] plus _____%		
2016	20,705,000	SIFMA Rate [†] plus _____%		

* Preliminary, subject to change.

** Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Bonds and the Commonwealth does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

† See "The Bonds - Additional Information Related to SIFMA Index Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof.

No dealer, broker, salesperson or other person has been authorized by The Commonwealth of Massachusetts or the Underwriters of the Bonds to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein or included by reference herein has been furnished by the Commonwealth and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters of the Bonds or, as to information from other sources, the Commonwealth. The information and expressions of opinion herein or included by reference herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth, or its agencies, authorities or political subdivisions, since the date hereof, except as expressly set forth herein.

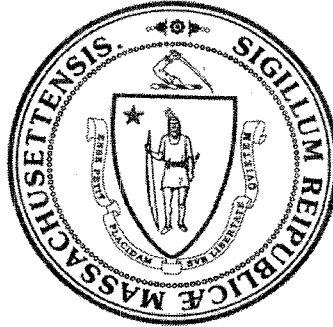
THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick..... Governor
Timothy P. Murray Lieutenant Governor
William F. Galvin Secretary of the Commonwealth
Martha Coakley..... Attorney General
Steven Grossman..... Treasurer and Receiver-General
Suzanne M. Bump Auditor

LEGISLATIVE OFFICERS

Therese Murray..... President of the Senate
Robert A. DeLeo..... Speaker of the House

OFFICIAL STATEMENT

THE COMMONWEALTH OF MASSACHUSETTS

\$171,240,000*

**General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A**

\$291,815,000*

**General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)**

INTRODUCTION

This Official Statement (including the cover page and Appendices A through C attached hereto) provides certain information in connection with the issuance by The Commonwealth of Massachusetts (the "Commonwealth") of its \$171,240,000* aggregate principal amount of its General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A (the "Refunding Bonds") and its \$291,815,000* aggregate principal amount of its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Consolidated Bonds" and together with the Refunding Bonds, the "Bonds"). The Bonds will be general obligations of the Commonwealth, and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and expenditures for debt service, see "SECURITY FOR THE BONDS" and the Commonwealth Information Statement (described below) under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations.*"

The Refunding Bonds are being issued to refund, on a current basis, certain bonds of the Commonwealth as described in "THE BONDS – PLAN OF FINANCE." A portion of the Consolidated Bonds is being issued to refund, on a current basis, certain bonds of the Commonwealth (the "Consolidated Refunding Bonds") as described in "THE BONDS – PLAN OF FINANCE" and a portion of the Consolidated Bonds is being issued to finance certain authorized capital projects of the Commonwealth (the "New Money Bonds") as described in "THE BONDS – APPLICATION OF PROCEEDS OF THE NEW MONEY BONDS."

Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through C. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document.

Specific reference is made to the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A (the "March Official Statement"). A copy of the March Official Statement has been filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. The information contained in the March Information Statement has been supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement"), which is attached hereto as Appendix A. The March Information Statement and the January Supplement are

* Preliminary, subject to change.

referred to herein collectively as the "Information Statement." Subsequent filings by the Commonwealth to the EMMA system, prior to the sale of the Bonds, of continuing disclosure documents identified as "other financial/operating data" are hereby deemed to be included by reference in the Information Statement. The Information Statement contains certain fiscal, budgetary, financial and other general information concerning the Commonwealth. Exhibit A to the Information Statement contains certain economic information concerning the Commonwealth. Exhibit B to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a statutory basis. Exhibit C to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a GAAP basis. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with EMMA. Specific reference is also made to the Commonwealth's Statutory Basis Financial Report and Comprehensive Annual Financial Report for the year ended June 30, 2011, copies of which have been filed with EMMA. The financial statements are also available at the website of the Comptroller of the Commonwealth.

Appendix B attached hereto contains the proposed forms of legal opinions of Bond Counsel with respect to the Bonds. Appendix C attached hereto contains the proposed form of the Commonwealth's continuing disclosure undertaking to be included in the form of the Bonds to facilitate compliance by the Underwriters of the Bonds with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General

The Bonds will bear interest from their date of delivery at the Adjusted SIFMA Rate (defined below) payable on each Interest Payment Date until maturity or earlier redemption, all as described below under "Additional Information Related to SIFMA Index Bonds." The Refunding Bonds will mature on February 1 of the years and in the amounts set forth on the inside cover hereof. The Consolidated Bonds will mature on September 1 of the years and in the amounts set forth on the inside cover hereof. Interest on the Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, and will be payable on the first Business Day of each month, commencing February 1, 2012* (each such date, an "Interest Payment Date") to the registered owner as of the record date. The record date for the Bonds will be the 15th day of the month immediately preceding the Interest Payment Date. The Commonwealth will act as its own paying agent and Calculation Agent with respect to the Bonds. The Commonwealth reserves the right to appoint from time to time a paying agent or agents, Calculation Agent or bond registrar for the Bonds.

Book-Entry-Only System. The Bonds will be issued by means of a book-entry-only system, with one bond certificate for each maturity of each series immobilized at The Depository Trust Company, New York, New York ("DTC"). The certificates will not be available for distribution to the public and will evidence ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof. Transfers of ownership will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Interest and principal due on the Bonds will be paid in federal funds to DTC or its nominee as registered owner of the Bonds. As long as the book-entry-only system remains in effect, DTC or its nominee will be recognized as the owner of the Bonds for all purposes, including notices and voting. The Commonwealth will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM."

Additional Information Related to SIFMA Index Bonds

Interest Rates. The Refunding Bonds will bear interest at the Adjusted SIFMA Rate, which is the sum of the SIFMA Rate (defined below), plus for each maturity of the Refunding Bonds, the amount shown in the following table:

* Preliminary, subject to change.

<u>Maturity</u>	<u>Additional</u>
<u>February 1*</u>	<u>Interest</u>
2013	0. __ % (__ basis points)
2014	0. __ % (__ basis points)
2015	0. __ % (__ basis points)
2016	0. __ % (__ basis points)
2017	0. __ % (__ basis points)

The Consolidated Bonds will bear interest at the Adjusted SIFMA Rate, which is the sum of the SIFMA Rate (defined below), plus for each maturity of the Consolidated Bonds, the amount shown in the following table:

<u>Maturity</u>	<u>Additional</u>
<u>September 1*</u>	<u>Interest</u>
2012	0. __ % (__ basis points)
2013	0. __ % (__ basis points)
2014	0. __ % (__ basis points)
2015	0. __ % (__ basis points)
2016	0. __ % (__ basis points)

The "SIFMA Rate" means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association ("SIFMA") and is issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day (defined below), the next succeeding U.S. Government Securities Business Day. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date (defined below) or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the original underwriters of the Bonds, determines most closely approximates the SIFMA index.

A "Business Day" means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

A "U.S. Government Securities Business Day" means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close. The Commonwealth is acting as the initial Calculation Agent with respect to the Bonds.

Interest Rate Determination.

The "Adjustment Date" shall be Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

Except for the initial Adjusted SIFMA Rate, the Adjusted SIFMA Rate will be determined by the Calculation Agent; provided, however the Adjusted SIFMA Rate shall not exceed 12% per annum. The Adjusted SIFMA Rate shall adjust on each Adjustment Date, based upon the SIFMA Rate published for such

* Preliminary, subject to change.

week, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Upon determining the Adjusted SIFMA Rate for a given week, the Calculation Agent (if the Calculation Agent is not then the Commonwealth itself) shall notify the Commonwealth of such rate by electronic mail (e-mail) or by telephone or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 P.M. Boston time on the Adjustment Date. Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commonwealth and the Owners of the Bonds. If for any reason the Adjusted SIFMA Rate shall not be established, the Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms of the Bonds.

The Bonds shall bear interest from and including their date of delivery at the Adjusted SIFMA Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions thereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date.

Redemption*

Optional Redemption. * The Refunding Bonds maturing on February 1, 2013 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2012 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Refunding Bonds maturing on February 1, 2014 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2013 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Refunding Bonds maturing on February 1, 2015 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2014 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Refunding Bonds maturing on February 1, 2016 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2015 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Refunding Bonds maturing on February 1, 2017 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2016 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Consolidated Bonds maturing on September 1, 2012 are not subject to redemption prior to maturity.

The Consolidated Bonds maturing on September 1, 2013 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2013 at a redemption

* Preliminary, subject to change.

price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Consolidated Bonds maturing on September 1, 2014 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2014 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Consolidated Bonds maturing on September 1, 2015 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2015 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

The Consolidated Bonds maturing on September 1, 2016 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2016 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. *

Notice of Redemption. The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC. Any failure on the part of DTC, any DTC participant or any nominee of a beneficial owner of any such Bond (having received notice from a DTC participant or otherwise) to notify the beneficial owner so affected, shall not affect the validity of the redemption.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer and Receiver-General delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds called for redemption shall become due and payable on the redemption date, and from and after such date, such Bonds shall cease to bear interest.

Selection for Redemption. Any Bonds subject to optional redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the Commonwealth. If less than all the Bonds of a maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot (provided that so long as the Bonds shall remain immobilized at DTC, such Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a Bond will be considered a separate Bond.

Plan of Finance

The Refunding Bonds are being issued pursuant to the provisions of Section 53A of Chapter 29 of the Massachusetts General Laws for the purpose of currently refunding a portion of the Commonwealth's (i) General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 Bonds") and (ii) General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A (the "2011 Bonds," and together with the 2010 Bonds, the "SIFMA Refunded Bonds"). Principal of the SIFMA Refunded Bonds will be paid on February 1, 2012 from the proceeds of the Refunding Bonds.

* Preliminary, subject to change.

The issuance of the Refunding Bonds is part of a refinancing plan commenced in March, 2010. At that time, the 2010 Bonds were issued to achieve a current refunding of the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005 Bonds"). The 2005 Bonds had been originally issued in 2005 as a single maturity due on February 1, 2028, with mandatory sinking fund installments due each year to amortize the 2005 Bonds. In connection with the original issuance of the 2005 Bonds, the State Treasurer had also entered into a series of interest rate swap agreements (the "2005 Swap Contracts"). (See the Commonwealth Information Statement under the heading "LONG-TERM LIABILITIES – Interest Rate Swaps.") The 2005 Swap Contracts had an initial aggregate notional amount which equaled the original principal amount of the 2005 Bonds. The aggregate notional amount of the Swap Contracts declines annually each February 1 to match the original annual amortization of the 2005 Bonds. The Commonwealth has maintained the 2005 Swap Contracts in place following the refunding of the 2005 Bonds in 2010 to serve as a hedge with respect to the 2010 Bonds and refunding bonds to be issued thereafter (including the Refunding Bonds).

In February 2011, the Commonwealth issued the 2011 Bonds to refund, on a current basis, bond anticipation notes issued under the Commonwealth's Commercial Paper Program (the "Notes"). The Notes were issued to refund, on a current basis, a portion of the 2010 Bonds.

The Refunding Bonds mature as shown on the inside cover hereof. The Commonwealth currently intends to refinance a portion of the Refunding Bonds and the remaining 2011 Bonds and 2010 Bonds as they mature or are redeemed prior to maturity, with the issuance of additional refunding bonds (the "Additional 2005 Swap Bonds"), so that the amortization of the Refunding Bonds, the remaining 2011 Bonds, 2010 Bonds and Additional 2005 Swap Bonds will, in the aggregate, match the original, scheduled amortization of the 2005 Bonds. It is also expected that the aggregate outstanding principal amount of the Refunding Bonds, the remaining 2011 Bonds, 2010 Bonds and any Additional 2005 Swap Bonds at any time will be at least equal to the then aggregate outstanding notional amount of the 2005 Swap Contracts, although the Commonwealth may elect to terminate all or any portion of the 2005 Swap Contracts earlier than planned if market conditions are favorable. In such event, an allocable portion of the Refunding Bonds, remaining 2011 Bonds, 2010 Bonds or Additional 2005 Swap Bonds would be unhedged. The actual amount of Refunding Bonds, remaining 2011 Bonds, 2010 Bonds and Additional 2005 Swap Bonds outstanding at any time will likely be greater in order to account for certain financing costs included in each issue of refunding bonds. Set forth below is the expected aggregate notional amount of the 2005 Swap Contracts during this period.

<u>Date</u>	<u>Aggregate Notional Amount of 2005 Swap Contracts Expected to be Outstanding</u>
February 1, 2012	\$528,205,000
February 1, 2013	523,745,000
February 1, 2014	513,680,000
February 1, 2015	508,915,000
February 1, 2016	475,000,000
February 1, 2017	438,490,000
February 1, 2018	433,855,000
February 1, 2019	429,040,000
February 1, 2020	382,720,000
February 1, 2021	333,345,000
February 1, 2022	281,725,000
February 1, 2023	214,840,000

Aggregate Notional Amount of 2005 Swap Contracts Expected to be Outstanding	
<u>Date</u>	
February 1, 2024	158,540,000
February 1, 2025	98,955,000
February 1, 2026	96,295,000
February 1, 2027	930,000
February 1, 2028†	--

† Original stated maturity of the 2005 Bonds.

The Consolidated Refunding Bonds are being issued pursuant to the provisions of Section 53A of Chapter 29 of the Massachusetts General Laws for the purpose of currently refunding the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A (the "1998A Bonds"). The proceeds of the Consolidated Refunding Bonds, plus available funds of the Commonwealth will be used to pay the principal of and accrued interest due on the 1998A Bonds on or about February 8, 2012.

The 1998A Bonds were originally issued in 1998 as a single maturity due on September 1, 2016 with mandatory sinking fund installments due each year to amortize the 1998A Bonds. In connection with the original issuance of the 1998A Bonds, the State Treasurer also entered into two interest rate swap agreements (the "1998 Swap Contracts"). (See the Commonwealth Information Statement under the heading "LONG-TERM LIABILITIES - Interest Rate Swaps.") The portion of the 1998 Swap Contracts that was allocated to the 1998A Bonds had an initial aggregate notional amount of \$249,760,000, which equaled the original principal amount of the 1998A Bonds. The aggregate notional amount of the 1998 Swap Contracts allocated to the 1998A Bonds declines annually each September 1 to match the original annual amortization of the 1998A Bonds. The current outstanding principal amount of the 1998A Bonds and the aggregate notional amount of the 1998 Swap Contracts allocated to the 1998A Bonds are equal to \$191,195,000. The Commonwealth currently intends to have the 1998 Swap Contracts remain in effect following the issuance of the Bonds in order to serve as a hedge with respect to the Consolidated Refunding Bonds, other than with respect to a portion thereof relating to financing costs of the Consolidated Refunding Bonds.

The intended refinancing plan of the Commonwealth as stated herein is preliminary and subject to change.

Application of Proceeds of the New Money Bonds

The New Money Bonds are being issued pursuant to the provisions of Section 49 of Chapter 29 of the Massachusetts General Laws and specific bond authorizations enacted by the Legislature. The net proceeds of the sale of the New Money Bonds, including any premium received by the Commonwealth upon original delivery of the New Money Bonds, will be applied by the Treasurer and Receiver-General of the Commonwealth to the various purposes for which the issuance of bonds has been authorized pursuant to such special laws, or to reimburse the Commonwealth's treasury for expenditures previously made pursuant to such laws. Any remaining premium received by the Commonwealth upon original delivery of the New Money Bonds and not applied to the various purposes for which bonds have been authorized will be applied to the costs of issuance thereof.

The purposes for which the New Money Bonds will be issued have been authorized by the Legislature under various bond authorizations. The proceeds will be used to finance or reimburse the Commonwealth for a variety of capital expenditures that are included within the current capital spending plan established by the Executive Office for Administration and Finance. The plan, which is an administrative guideline and is subject to amendment at any time, sets forth capital spending allocations and establishes annual capital spending limits. See the Commonwealth Information Statement under the heading "COMMONWEALTH CAPITAL INVESTMENT PLAN."

SECURITY FOR THE BONDS

The Bonds will be general obligations of the Commonwealth to which its full faith and credit will be pledged for the payment of principal and interest when due. However, it should be noted that Chapter 62F of the Massachusetts General Laws imposes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit. It should be noted further that Section 60B of Chapter 29 of the Massachusetts General Laws imposes an annual limitation on the percentage of total appropriations that may be expended for payment of interest and principal on general obligation debt of the Commonwealth. These statutes are both subject to amendment or repeal by the Legislature. Currently, both actual tax revenue growth and annual general obligation debt service are below the statutory limits. See the Commonwealth Information Statement under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations.*"

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the Bonds, and all claims with respect thereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires a legislative appropriation. Enforcement of a claim for payment of principal or interest on the Bonds may also be subject to the provisions of federal or state statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as the same may be constitutionally applied. The United States Bankruptcy Code is not applicable to the Commonwealth. Under Massachusetts law, the Bonds have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code. The Bonds are not subject to acceleration.

LITIGATION

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the Commonwealth seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds.

There are pending in courts within the Commonwealth various suits in which the Commonwealth is a defendant. In the opinion of the Attorney General, no litigation is pending or, to her knowledge, threatened which is likely to result, either individually or in the aggregate, in final judgments against the Commonwealth that would affect materially its financial condition. For a description of certain litigation affecting the Commonwealth, see the Commonwealth Information Statement under the heading "LEGAL MATTERS."

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of each series set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commonwealth as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

THE COMMONWEALTH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR BY ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT OF OR THE PROVIDING OF NOTICE TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OR WITH RESPECT TO ANY OTHER ACTION TAKEN BY DTC AS BOND OWNER.

The principal of and interest and premium, if any, on the Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, as registered owner of the Bonds. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commonwealth, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Commonwealth, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commonwealth, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Commonwealth cannot give any assurances that Direct Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this document.

Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of such Bonds and will not be or be considered to be the registered owners thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the holders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds, except as otherwise expressly provided herein.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commonwealth. Under such circumstances, in the event that a successor depository is not obtained, Bonds will be delivered and registered as designated by the Beneficial Owners. The Beneficial Owner, upon registration of Bonds held in the Beneficial Owner's name, will become the Bondowner. Bond certificates are required to be printed and delivered.

The Commonwealth may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In such event, Bond certificates will be printed, delivered and registered as designated by the Beneficial Owners.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMONWEALTH BELIEVES TO BE RELIABLE, BUT THE COMMONWEALTH TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

RATINGS

The Bonds have been assigned long-term ratings of " ", " " and " " by Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("Standard & Poor's"), respectively.

Such ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Bonds.

UNDERWRITING

The Underwriters, represented by Citigroup Global Markets Inc., have agreed, subject to certain conditions, to purchase all of the Bonds from the Commonwealth at a discount from the initial offering prices of the Bonds equal to approximately _____% of the aggregate principal amount of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The principal offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters.

The following language has been provided by the Underwriters named therein. The Commonwealth takes no responsibility as to the accuracy or completeness thereof.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each an Underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

TAX EXEMPTION

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel to the Commonwealth ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Commonwealth has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the

Bonds under the laws of any state other than Massachusetts. A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Holders of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a holder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such holder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a holder's federal or state tax liability. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the holder or the holder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and holders of the Bonds should consult with their own tax advisors with respect to such consequences.

OPINION OF COUNSEL

The unqualified approving opinions as to the legality of the Bonds will be rendered by Edwards Wildman Palmer LLP, of Boston, Massachusetts, Bond Counsel to the Commonwealth. The proposed forms of the opinions of Bond Counsel relating to the Bonds are attached hereto as Appendix B. Certain legal matters will also be passed upon by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. of Boston, Massachusetts, as Disclosure Counsel to the Commonwealth. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, of Boston, Massachusetts.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12, the Commonwealth will undertake in the Bonds to provide annual reports and notices of certain events. A description of this undertaking is set forth in Appendix C attached hereto.

For information concerning the availability of certain other financial information from the Commonwealth, see the Commonwealth Information Statement under the heading "CONTINUING DISCLOSURE."

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of all general and special laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, including, in particular, the current unprecedented adverse global financial market and economic conditions, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and others.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

The Commonwealth has prepared the prospective financial information set forth in this Official Statement in connection with its budgeting and appropriations processes. This prospective financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Commonwealth, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best knowledge and belief of the offices of the Commonwealth identified in this Official Statement as the sources of such information, the currently expected course of action and the currently expected future budgeted revenues and expenditures of the Commonwealth. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its

achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Official Statement, except as expressly stated.

AVAILABILITY OF OTHER INFORMATION

Questions regarding this Official Statement or requests for additional financial information concerning the Commonwealth should be directed to Colin A. MacNaught, Assistant Treasurer, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, x. 226, or Scott A. Jordan, Assistant Secretary for Capital Finance and Intergovernmental Affairs, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to this Official Statement and the Bonds should be directed to Walter J. St. Onge, III, Edwards Wildman Palmer LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, telephone (617) 239-0389.

THE COMMONWEALTH OF MASSACHUSETTS

By _____
Steven Grossman
Treasurer and Receiver-General

By _____
Jay Gonzalez
Secretary of Administration and Finance

January __, 2012



SUPPLEMENT DATED JANUARY 13, 2012

TO

THE COMMONWEALTH OF MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

DATED JANUARY 9, 2012

The Commonwealth's Information Statement Supplement dated January 9, 2012 (the "January 9 Supplement") is hereby supplemented by striking out the first paragraph under the section captioned "RECENT DEVELOPMENTS – Fiscal 2013 Budget Proposals" and inserting in place thereof the following paragraph:

"On January 12, 2012, a fiscal 2013 consensus tax revenue estimate of \$21.950 billion was agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means. Agreement was also announced with respect to pension funding in fiscal 2013 of \$1.552 billion. The Governor is expected to file his budget recommendations for fiscal 2013 with the Legislature on January 25, 2012. The Governor's recommended budget will be based on the consensus tax revenue estimate and is expected to be a balanced budget proposal. The Governor's budget recommendations are expected to include limited new revenue proposals and some withdrawal of moneys from the Stabilization Fund."

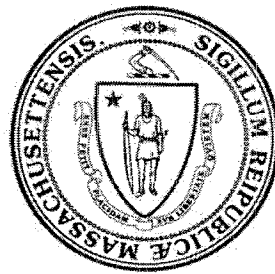
The January 9 Supplement is hereby further supplemented by striking out the third paragraph under the section captioned "COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting" and inserting in place thereof the following paragraph:

"On January 12, 2012, a fiscal 2013 consensus tax revenue estimate of \$21.950 billion was agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means. The fiscal 2013 consensus tax revenue estimate of \$21.950 billion represents revenue growth of 4.5% actual and 5.4% baseline from the revised fiscal 2012 estimate of \$21.010 billion."

THE COMMONWEALTH OF MASSACHUSETTS

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**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

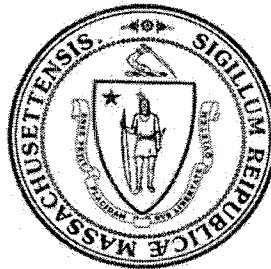
Dated January 9, 2012

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. Murray.....Lieutenant Governor
William F. Galvin.....Secretary of the Commonwealth
Martha Coakley.....Attorney General
Steven Grossman.....Treasurer and Receiver-General
Suzanne M. Bump.....Auditor

LEGISLATIVE OFFICERS

Therese Murray.....President of the Senate
Robert A. DeLeo.....Speaker of the House

THE COMMONWEALTH OF MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

January 9, 2012

This supplement ("Supplement") to the Information Statement of The Commonwealth of Massachusetts (the "Commonwealth") dated March 15, 2011 (the "March Information Statement") is dated January 9, 2012 and contains information which updates the information contained in the March Information Statement. The March Information Statement has been filed with the Municipal Securities Rulemaking Board. This Supplement and the March Information Statement must be read collectively and in their entirety in order to obtain the appropriate fiscal, financial and economic information concerning the Commonwealth through January 9, 2012. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the March Information Statement.

The March Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information, which sets forth certain economic, demographic and statistical information concerning the Commonwealth. Exhibits B and C are, respectively, the Commonwealth's Statutory Basis Financial Report for the year ended June 30, 2010 and the Commonwealth's Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2010. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with the Municipal Securities Rulemaking Board. Specific reference is also made to the Commonwealth's Statutory Basis Financial Report and Comprehensive Annual Financial Report for the year ended June 30, 2011, copies of which have been filed with the Municipal Securities Rulemaking Board. The Commonwealth's independent auditor has not been engaged to perform, and has not performed, since the respective dates of its reports included herein, any procedures on the financial statements addressed in such reports, nor has said independent auditor performed any procedures relating to the official statement of which this Supplement is a part. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at <http://www.mass.gov/osc> by clicking on "Publications and Reports" and then "Financial Reports."

RECENT DEVELOPMENTS

Fiscal 2011

Through June 30, 2011, the end of fiscal 2011, the Governor had approved fiscal 2011 supplemental appropriations legislation totaling \$1.511 billion. After accounting for offsetting revenues (primarily federal Medicaid reimbursements), the net value of the spending is \$661.3 million. The fiscal 2011 supplemental funding amount is somewhat larger than is typical, because it includes the expenditure of a significant amount of enhanced FMAP funds that were made available by the federal government after the Governor approved the original fiscal 2011 budget. Most of the supplemental funding was necessary to support state safety net programs and services affected by increased caseloads and utilization as a result of the economic downturn, such as the MassHealth program and the emergency family shelters program at the Department of Housing and Community Development. This supplemental funding also included \$42 million for costs associated with providing legal representation to indigent persons in criminal and civil court cases and \$21.1 million for increased caseloads at the Department of Transitional Assistance. There were also other unanticipated costs, such as increased funding for snow and ice removal, that required supplemental funding.

On October 27, 2011, the Governor approved the final fiscal 2011 supplemental appropriations bill. (The final supplemental appropriations bill for a particular fiscal year is customarily enacted and approved in the third or fourth month of the ensuing fiscal year.) The bill provides for the deposit of \$350 million of fiscal 2011 year-end surplus resources into the Stabilization Fund. In addition to the Stabilization Fund deposit, the bill provides \$132.1 million in additional fiscal 2011 appropriations and authorizes a further \$22 million in already-authorized fiscal 2011 funding to be made available in fiscal 2012. Highlights of the supplemental funding include \$39 million of fiscal 2011 surplus funds to support infrastructure projects across the state, \$10 million for cities and towns affected by the June 1, 2011 tornado for costs not reimbursed through the Federal Emergency Management Agency,

\$6.2 million to reimburse cities and towns for a portion of the costs incurred in responding to the December, 2008 ice storm, \$12 million for judicial operations, \$11.2 million for children's clothing allowances under foster care and Transitional Aid for Families with Dependent Children and \$9.5 million to fund a portion of the state's costs of the Low-Income Housing Tax Credit. The legislation authorizes \$36.8 million in expenditures (\$35.2 million after accounting for offsetting revenues) from fiscal 2012 resources, which have been included in the updated forecasts for fiscal 2012 prepared by the Executive Office for Administration and Finance.

On November 2, 2011, the Comptroller issued the fiscal 2011 Statutory Basis Financial Report (SBFR), which closes the books on fiscal 2011 and incorporates the impact of the fiscal 2011 final supplemental appropriations bill approved by the Governor on October 27, 2011. As reported in the SBFR, fiscal 2011 budgeted fund total revenues and other financing sources exceeded fiscal 2011 budgeted fund total expenditures and other uses by \$998 million, and fiscal 2011 ended with a budgeted fund balance of \$1.901 billion. Of that amount, \$1.379 billion was reserved in the Stabilization Fund, \$400 million was reserved for continuing appropriations and debt service and \$122 million was undesignated.

The Stabilization Fund balance of \$1.379 billion at the end of fiscal 2011 represents a \$709 million increase from the close of fiscal 2010. The \$709 million increase in fiscal 2011 resulted from \$9.0 million in Stabilization Fund investment earnings, \$1.6 million in statutorily required deposits on account of withholding taxes on certain Lottery winnings, a \$350 million deposit authorized in the fiscal 2011 final supplemental appropriations bill, and statutorily required deposits from the fiscal 2011 consolidated net surplus of \$103.9 million (equal to 0.5% of fiscal 2011 tax revenues) and \$244.8 million (from the remaining consolidated net surplus).

The fiscal year 2011 Comprehensive Annual Financial Report (CAFR) was released by the Comptroller, dated January 3, 2012. The CAFR provides the Commonwealth's fiscal year 2011 results according to Generally Accepted Accounting principles.

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 – Fiscal 2011."

Fiscal 2012

The House of Representatives approved its version of the fiscal 2012 budget on April 28, 2011, the Senate approved its version on May 26, 2011, and a legislative conference committee released its report on June 30, 2011. The budget was enacted by the Legislature on July 1, 2011 and approved by the Governor on July 11, 2011. A \$1.250 billion interim budget for the first ten days of fiscal 2012 had been enacted by the Legislature and approved by the Governor on June 27, 2011. Total spending in the final fiscal 2012 budget approved by the Governor amounts to approximately \$30.598 billion. The budget assumes tax revenues of \$20.615 billion, reflecting the fiscal 2012 consensus tax estimate of \$20.525 billion, which was adjusted for the impact of revenue initiatives enacted as part of the budget (most notably a one-year delay of the FAS 109 deductions (additional \$45.9 million)), enhanced tax enforcement initiatives (additional \$61.5 million) and the impact of a two-day sales tax holiday held on August 13-14, 2011 (reduction of \$20.6 million). The fiscal 2012 budget authorizes a \$200 million withdrawal from the Stabilization Fund, the use of fiscal 2012 interest earnings on the Stabilization Fund and an additional \$103.7 million in savings achieved by suspending the statutorily required deposit into the Stabilization Fund of 0.5% of total tax revenue. The fiscal 2012 budget projections contained in this Supplement assume a transfer of \$185 million from the Stabilization Fund rather than the authorized \$200 million. On that assumption, and after taking into account the \$163.2 million certified by the Attorney General and the Commissioner of Revenue for transfer to the Stabilization Fund through December related to one-time settlements (see below) as well as the \$20 million withdrawal from the Fund called for in the recently passed gaming legislation to support start-up costs of the Massachusetts Gaming Commission, the Stabilization Fund is projected to have a \$1.337 billion balance at the end of fiscal 2012. The gaming legislation provides that upon receipt by the Massachusetts Gaming Commission of sufficient initial license fees, the Commission will transfer \$20 million back to the Stabilization Fund.

On October 17, 2011, the Secretary of Administration and Finance, based on available data on tax revenue collections and economic trends, revised the fiscal 2012 tax revenue estimate from \$20.615 billion to \$21.010 billion. A portion of the increase in the tax revenue estimate is proposed to be used to support supplemental appropriations filed by the Governor on October 17, 2011, as described below, and the balance is proposed to be preserved to address non-tax revenue shortfalls and other cost exposures that may occur later in the fiscal year. To

address non-tax revenue shortfalls that have already occurred in fiscal 2012, the Secretary also revised the aggregate fiscal 2012 non-tax revenue projection downward by \$26 million from the level assumed in the enacted fiscal 2012 budget. The revised tax estimate assumes that the income tax rate will be reduced to 5.25%, effective January 1, 2012. See "COMMONWEALTH REVENUE AND EXPENDITURES – State Taxes; *Income Tax*."

On November 11, 2011 the Governor approved supplemental budget legislation containing approximately \$52 million in supplemental appropriations, including \$21 million for the Department of Housing and Community Development's emergency assistance (EA) program, which provides shelter and other emergency housing services to low-income families with children and pregnant women who are homeless, \$18.2 million for the Department of Housing and Community Development's HomeBase program and \$10 million for a reserve to offset fiscal 2012 costs of state agencies incurred in response to the August Tropical Storm Irene.

Pursuant to a recent change in state finance law, \$163.2 million received by the Commonwealth on account of one-time judgments and settlements thus far in fiscal 2012 has been certified by the Attorney General and the Commissioner of Revenue for transfer to the Stabilization Fund. See "COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Settlements and Judgments*."

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 –Fiscal 2012 Budget Proposals."

Fiscal 2013 Budget Proposals

A fiscal 2013 consensus tax revenue estimate is expected to be announced by the Secretary of Administration and Finance on or about January 17, 2012. The Governor is expected to file his budget recommendations for fiscal 2013 with the Legislature on or about January 25, 2012. The Governor's recommended budget will be based on the consensus tax revenue estimate and is expected to be a balanced budget proposal.

The House of Representatives generally approves its version of the budget in late April, and the Senate generally approves its version in late May. The differences between the two versions are then reconciled by a legislative conference committee during the month of June, so that a final version can be enacted by the Legislature and sent to the Governor for his approval prior to the start of the new fiscal year on July 1.

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COMMONWEALTH REVENUES AND EXPENDITURES

Statutory Basis Distribution of Budgetary Revenues and Expenditures

The following table sets forth the Commonwealth's revenues and expenditures for fiscal 2007 through fiscal 2011 and projected revenues and expenditures for fiscal 2012.

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Projected Fiscal 2012(8)</u>
Budgeted Operating Funds – Statutory Basis (in millions)(1)						
<u>Beginning Fund Balances</u>						
Reserved or Designated	\$947.20	\$351.30	\$171.50	\$68.90	\$122.0	\$400.1
Bay State Competitiveness Investment Fund	-	100	-	-	-	-
Stabilization Fund	2,154.70	2,335.00	2,119.20	841.3	669.8	1,379.1
Undesignated	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>
Total	<u>\$3,208.10</u>	<u>\$2,901.00</u>	<u>\$2,405.80</u>	<u>\$1,016.60</u>	<u>\$903.1</u>	<u>\$1,900.8</u>
<u>Revenues and Other Sources</u>						
Alcoholic Beverages	71	71.2	71.9	71	72.7	75.3
Banks	340.9	547.8	242.6	234.9	(11.0)	11
Cigarettes	438.1	436.9	456.8	456.2	453.6	447.6
Corporations	1,587.60	1,512.20	1,548.60	1,600.30	1,951.4	1,838.9
Deeds	194.1	153.9	105.5	137.9	140.2	126.2
Income	11,399.60	12,483.80	10,583.70	10,110.30	11,576.0	12,102.6
Inheritance and Estate	249.6	254	259.7	221.4	309.6	256.9
Insurance	418.6	417.7	356.7	330	340.3	360.2
Motor Fuel	676.1	672.2	654	654.6	660.8	656.4
Public Utilities	178.3	120.2	(1.7)	(0.3)	(8.8)	7.1
Room Occupancy	111.1	119.2	109.5	101.6	110.4	115.1
Sales:						
Regular	2,927.70	2,952.20	2,799.70	3,282.80	3,476.3	3,513.3
Meals	608.7	632.9	629.6	759.6	813.3	844.3
Motor Vehicles	<u>531.1</u>	<u>501.6</u>	<u>439.3</u>	<u>569.3</u>	<u>615.2</u>	<u>638.3</u>
Sub-Total-Sales	4,067.50	4,086.70	3,868.60	4,611.70	4,904.8	4,995.9
Miscellaneous	<u>3.8</u>	<u>3.1</u>	<u>3.3</u>	<u>14.1</u>	<u>16.6</u>	<u>16.7</u>
Total Tax Revenues	<u>\$19,736.30</u>	<u>\$20,879.20</u>	<u>\$18,259.50</u>	<u>\$18,543.70</u>	<u>\$20,516.6</u>	<u>\$21,010.0</u>
MBTA Transfer	(734)	(756)	(767.1)	(767.1)	(767.1)	(779.1)
MSBA Transfer	<u>(557.4)</u>	<u>(634.7)</u>	<u>(702.3)</u>	<u>(605.2)</u>	<u>(654.6)</u>	<u>(664.3)</u>
WTF Transfer(2)	-	-	-	-	-	<u>(19.2)</u>
Total Budgeted Operating Tax Revenues	<u>\$18,444.90</u>	<u>\$19,488.50</u>	<u>\$16,790.00</u>	<u>\$17,171.40</u>	<u>\$19,094.9</u>	<u>\$19,547.4</u>
Federal Reimbursements	6,167.60	6,429.50	8,250.90	8,548.80	9,299.5	7,739.4
Departmental and Other Revenues	2,218.40	2,355.90	2,326.20	2,800.90	2,912.3	3,062.5
Inter-fund Transfers from Non-budgeted Funds and other sources (3)	<u>1,785.00</u>	<u>2,039.30</u>	<u>1,850.30</u>	<u>1,788.80</u>	<u>1,768.6</u>	<u>1,930.9</u>
Budgeted Revenues and Other Sources	<u>\$28,615.90</u>	<u>\$30,313.20</u>	<u>\$29,217.40</u>	<u>\$30,310.00</u>	<u>\$33,075.3</u>	<u>\$32,280.2</u>
Inter-fund Transfers	<u>552.9</u>	<u>2,226.30</u>	<u>1,963.80</u>	<u>770.8</u>	<u>3,460.9</u>	<u>822.0</u>
Total Budgeted Revenues and Other Sources	<u>\$29,168.80</u>	<u>\$32,539.50</u>	<u>\$31,181.20</u>	<u>\$31,080.80</u>	<u>\$36,536.3</u>	<u>\$33,102.2</u>
<u>Expenditures and Uses</u>						
Direct Local Aid	4,805.20	5,040.50	4,723.60	4,837.40	4,784.7	4,881.1
Medicaid (4)	7,550.40	8,246.30	8,679.20	9,287.60	10,237.3	10,432.6
Other Health and Human Services	4,625.30	4,796.50	4,828.30	4,616.60	4,614.8	4,774.0
Group Insurance	1,022.30	852.5	973.1	1,063.80	1,130.3	1,209.7

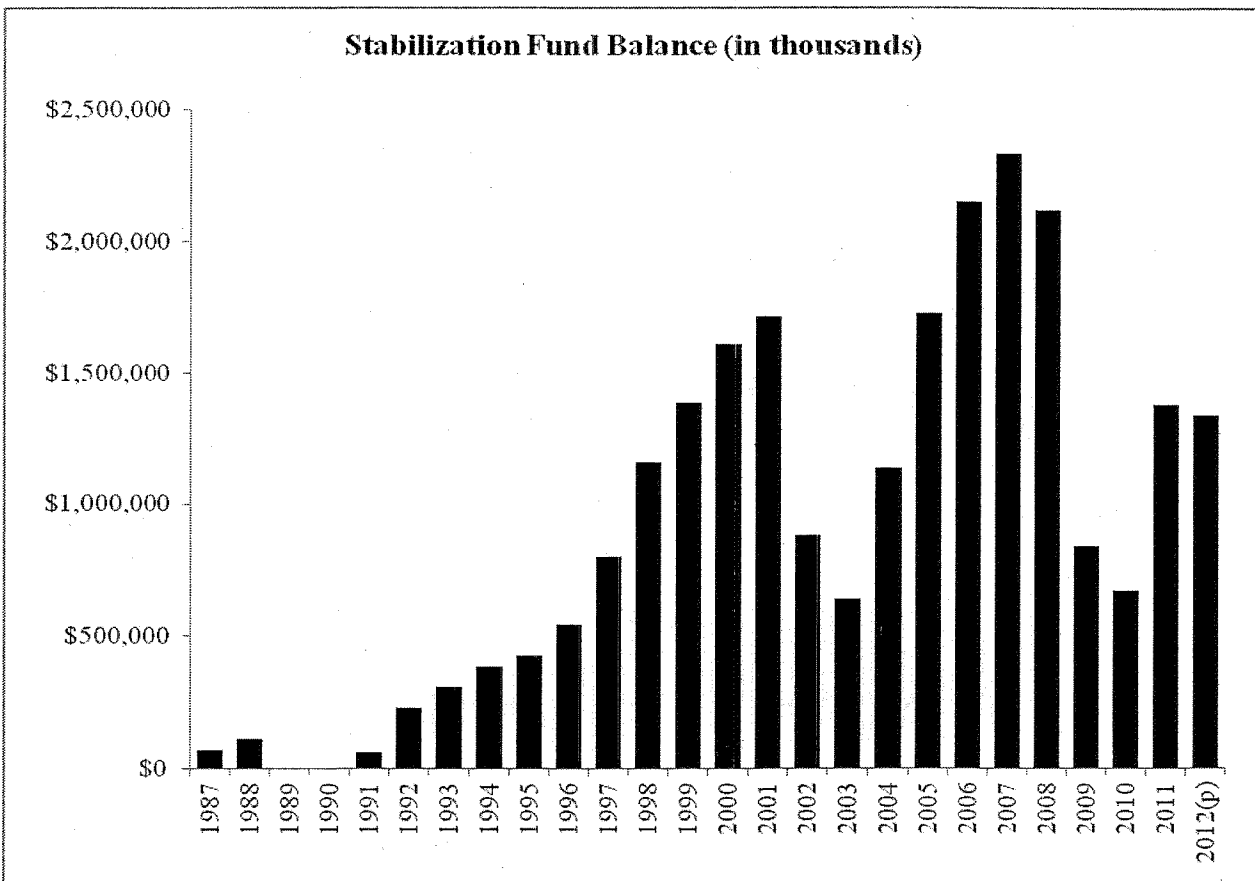
	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Projected Fiscal 2012(8)</u>
Department of Elementary and Secondary Education	459	485.8	495.9	358.1	349.4	507.7
Higher Education	1,115.70	1,084.40	1,035.50	845.6	943.0	924.5
Department of Early Education and Care	507.1	549.9	560.3	513.5	515.1	509.4
Public Safety	1,399.20	1,544.40	1,514.30	1,423.20	905.0	1,449.0
Energy and Environmental Affairs	238.5	227.1	215.9	202.2	185.6	194.1
Debt Service	2,234.40	1,990.10	2,011.70	1,979.90	1,663.9	2,267.0
Post Employment Benefits (5)	1,335.20	1,398.60	1,314.40	1,748.60	1,838.9	1,892.3
Other Program Expenditures	<u>2,364.90</u>	<u>2,414.10</u>	<u>2,350.90</u>	<u>2,509.00</u>	<u>2,850.4</u>	<u>2,145.0</u>
Total - Programs and Services before transfers to Non-budgeted funds	\$27,657.20	\$28,630.20	\$28,703.10	\$29,384.50	\$30,018.6	\$31,187.4
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund	722.1	1,045.90	987.6	631.7	739.0	728.0
State Retiree Benefit Trust Fund (5)	-	\$354.70	\$352.00	-	-	-
Medical Assistance Trust Fund	364	376.7	374	313.3	886.1	394.0
Massachusetts Transportation Trust Fund	-	-	-	(6)	195.1	180.1
Other	<u>179.6</u>	<u>400.9</u>	<u>189.9</u>	<u>94.1</u>	<u>238.8</u>	<u>232.25</u>
Total Inter-Fund Transfers to Non-Budgeted Funds	\$1,265.70	\$2,178.20	\$1,903.50	\$1,039.10	\$2,059.0	\$1,534.4
Budgeted Expenditures and Other Uses	<u>\$28,922.90</u>	<u>\$30,808.40</u>	<u>\$30,606.60</u>	<u>\$30,423.60</u>	<u>\$32,077.6</u>	<u>\$32,721.7</u>
Inter-fund Transfers	<u>553</u>	<u>2,226.30</u>	<u>1,963.80</u>	<u>770.8</u>	<u>3,460.9</u>	<u>822.0</u>
Total Budgeted Expenditures and Other Uses	\$29,475.90	\$33,034.70	\$32,570.40	\$31,194.40	\$35,538.5	\$33,543.7
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(\$307.10)</u>	<u>(\$495.20)</u>	<u>(\$1,389.20)</u>	<u>(\$113.60)</u>	<u>\$997.8</u>	<u>(\$441.5)</u>
<u>Ending Fund Balances</u>						
Reserved or Designated (7)	351.3	171.5	68.9	122	400.1	19.2
Bay State Competitiveness Investment Fund	100.0	-	-	-	-	-
Stabilization Fund	2,335.00	2,119.20	841.3	669.8	1,379.1	1,337.3
Undesignated	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>	<u>105.0</u>
Total	\$2,901.00	\$2,405.80	\$1,016.60	\$903.10	\$1,900.8	\$1,461.5

SOURCES: Fiscal 2007-2011, Office of the Comptroller; fiscal 2012, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) The fiscal year 2012 budget adopted changes to the Workforce Training Fund, which annually is funded through employer contributions for workforce training initiatives for incumbent workers in the private sector. Beginning in fiscal 2012 the WTF will not be subject to annual appropriation and the employer contributions, estimated at \$19.2 million, are transferred directly to the WTF after their collection.
- (3) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds to allow their expenditure, abandoned property proceeds as well as other inter-fund transfers.
- (4) Excludes off-budget Medicaid spending in fiscal 2006 and fiscal 2007 estimated at \$292 million and \$290 million, respectively. Fiscal 2006 through fiscal 2009 included program administration.
- (5) Starting in fiscal 2010 Post Employment Benefits include budgeted pension transfers and State Retiree Benefit Trust Fund.
- (6) Transfers of approximately \$133.4 million in fiscal 2010 are included in "Other Program Expenditures" above.
- (7) Consists largely of appropriations from previous years, authorized to be expended in current years.
- (8) Based on the fiscal 2012 budget tax revenue estimate of \$21.010 billion, which was revised by the Executive Office for Administration and Finance on October 17, 2011.

See the March Information Statement "COMMONWEALTH REVENUES AND EXPENDITURES -- Statutory Basis Distribution of Budgetary Revenues and Expenditures."

The following chart shows the Stabilization Fund balance from fiscal 1987 through fiscal 2011 (actual) and fiscal 2012 (projected).



SOURCE: Fiscal 1987-Fiscal 2011, Office of the Comptroller; Fiscal 2012 (projected), Executive Office for Administration and Finance.

See the March Information Statement "SELECTED FINANCIAL DATA – Stabilization Fund."

State Taxes

Income Tax. State tax receipts for fiscal 2011 were significantly higher than receipts during fiscal 2010. See "Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues – *Fiscal 2011*," below. Pursuant to state law, the state income tax rate will be reduced from 5.3% to 5.25% (effective January 1, 2012), because the growth in fiscal 2011 inflation adjusted baseline revenues (as defined in state law) over fiscal 2010 exceeded 2.5%, and because, for each consecutive three-month period starting in August and ending in November, 2011, there was positive inflation-adjusted baseline revenue growth as compared to the same consecutive three-month period in calendar 2010. The Department of Revenue estimates that the revenue impact of this rate reduction for fiscal 2012 will be between \$52 million and \$56 million (with a mid-point of \$54 million). The revenue impact for fiscal 2013 (assuming no further rate reduction in calendar year 2013) is expected to be between \$111 million and \$117 million (mid-point of \$114 million).

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes; *Income Tax*."

Tax Expenditure Commission. The fiscal 2012 budget established a study commission on tax expenditures to review and evaluate the administration and fiscal impact of tax expenditures and make recommendations to the Legislature on the administrative efficiency and cost benefit of tax expenditures. Tax expenditures include credits, deductions and exemptions from the basic provisions of the state tax code. The commission is chaired by the Secretary of Administration and Finance and includes legislators and economists. The commission's report, which may include proposed legislation, is due April 30, 2012.

Tax Revenue Forecasting

On December 12, 2011, the Secretary of Administration and Finance and the House and Senate Ways and Means Committees conducted a hearing on state tax revenue estimates for fiscal 2013. The Commissioner of Revenue provided a forecast that fiscal 2013 tax revenue collections will be \$21.612 billion to \$21.763 billion, reflecting an actual growth of 2.7% to 3.2% from the projected fiscal 2012 revenues, and baseline growth of 4.4% to 4.9% from the fiscal 2012 forecasting base, which represents growth of \$560 million to \$683 million over projected fiscal 2012 revenues.

The Secretary of Administration and Finance and the Committees on Ways and Means also heard public testimony from economists and state budget experts from Northeastern University, the Massachusetts Taxpayers Foundation and the Beacon Hill Institute, who provided a range of forecasts for fiscal 2013 tax revenue collections, from \$21.447 billion to \$22.287 billion.

The Secretary of Administration and Finance is expected to announce a fiscal 2013 consensus tax revenue estimate on or about January 17, 2012.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting."

Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues

Fiscal 2011. Tax revenues for fiscal 2011, ended June 30, 2011, totaled approximately \$20.517 billion, an increase of approximately \$1.973 billion, or 10.6%, over the same period in fiscal 2010. The following table shows the tax collections for fiscal 2011 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in the same month that are dedicated to the MBTA and the MSBA.

Fiscal 2011 Tax Collections (in millions)(1)						Tax Collections: Net of MBTA and MSBA
Month	Tax Collections	Change from Prior Year	Percentage Change	MBTA Portion(3)	MSBA Portion	MSBA
July	\$1,352.7	\$102.1	8.2%	\$60.3	\$60.3	\$1,232.1
August	1,385.6	89.1	6.9	55.3	55.3	1,275.0
September	2,015.1	249.2	14.1	76.2	51.9	1,887.1
October	1,342.9	118.0	9.6	55.3	55.3	1,232.3
November	1,426.6	137.9	10.7	52.9	52.9	1,320.8
December	2,072.3	186.4	9.9	83.5	54.5	1,934.2
January	2,052.7	207.6	11.2	66.1	66.1	1,920.5
February	932.5	(70.1)	(7.0)	45.9	45.9	840.8
March	1,773.8	149.1	9.2	79.8	48.8	1,645.6
April	2,505.4	757.9	43.4	54.6	54.6	2,396.1
May	1,504.6	(69.7)	(4.4)	53.0	53.0	1,398.6
June (1)	2,152.4	115.7	5.7	84.1	55.9	2,012.4
Total (2)	\$20,516.6	\$1,972.9	10.6%	\$767.1	\$654.7	\$19,094.9

SOURCE: Executive Office for Administration and Finance.

(1) Figures are final.

(2) Totals may not add due to rounding.

(3) Includes adjustments of \$24.3 million on account of the first quarter, \$29 million on account of the second quarter, \$31 million on account of the third quarter, and 28.1 million on account of the fourth quarter.

The tax revenue increase of approximately \$1.973 billion for fiscal 2011 compared to fiscal 2010 is attributable, in large part, to an increase of approximately \$431.8 million, or 34.2%, in income tax payments with returns and extensions (mostly in April), an increase of approximately \$573.5 million, or 6.5%, in withholding collections, an increase of approximately \$373.2 million, or 25.1%, in income tax estimated payments, a decrease of approximately \$101.3 million, or 6.7%, in income tax refunds, an increase of approximately \$293.1 million, or 6.4%, in sales and use tax collections, and an increase of approximately \$107.6 million, or 5.1%, in corporate and business tax collections. Fiscal 2011 tax collections were approximately \$732.6 million above the January 18, 2011 fiscal 2011 tax revenue estimate of \$19.784 billion, which was an upward revision from the consensus estimate used for the original fiscal 2011 budget (adjusted for the impacts of the economic development bill and the sales tax holidays in August, 2010).

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Fiscal 2010, Fiscal 2011, and Fiscal 2012 Tax Revenues; *Fiscal 2011*."

Fiscal 2012. The fiscal 2012 budget approved by the Governor on July 11, 2011 assumes tax revenues of \$20.636 billion, reflecting the fiscal 2012 consensus tax estimate of \$20.525 billion which was adjusted for the impact of revenue initiatives enacted as part of the budget, most notably including a one-year delay of the FAS 109 deductions (\$45.9 million) and enhanced tax enforcement initiatives (\$61.5 million). On August 1, 2011, the Governor approved legislation establishing a sales tax holiday on August 13-14, 2011. The \$20.615 billion estimate also reflects the revenue loss impact from this two-day sales tax holiday, which is expected to be \$20.9 million. (The estimate of \$20.9 million was certified by the Commissioner of Revenue on December 30, 2011). As noted above, on October 17, 2011, the Secretary of Administration and Finance, based on available data on tax revenue collections and economic trends, revised the fiscal 2012 tax revenue estimate from \$20.615 billion to \$21.010 billion. See "RECENT DEVELOPMENTS – Fiscal 2012."

Tax revenues for the first six months of fiscal 2012, ended December 31, 2011, totaled approximately \$9.847 billion, an increase of approximately \$252.0 million, or 2.6%, over the same period in fiscal 2011. The following table shows the tax collections for the first six months of fiscal 2012 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections during the same six-month period that are dedicated to the MBTA and the MSBA.

Fiscal 2012 Tax Collections (in millions)(1)						
Month	Tax Collections	Change from Prior Year	Percentage Change	MBTA Portion(3)	MSBA Portion	Tax Collections: Net of MBTA and MSBA
July	\$1,444.6	\$91.9	6.8%	\$59.6	\$59.6	\$1,325.3
August	1,425.3	39.7	2.9%	54.1	54.1	1,317.0
September	2,195.8	180.8	9.0%	81.0	52.4	2,062.4
October	1,448.8	105.8	7.9%	56.5	56.5	1,335.8
November	1,363.3	(63.3)	(4.4%)	52.9	52.9	1,257.5
December(1)	1,969.4	(102.9)	(5.0%)	85.4	57.3	1,826.6
Total (2)	\$9,847.1	\$252.0	2.6%	\$389.5	\$332.8	\$9,124.8

SOURCE: Executive Office for Administration and Finance.

(1) Figures are preliminary

(2) Totals may not add due to rounding.

(3) Includes adjustments of \$28.6 million on the account of the first quarter, and \$28.1 million on the account of second quarter.

The year-to-date tax revenue increase of approximately \$252.0 million through December 31, 2011 from the same period in fiscal 2011 is attributable, in large part, to an increase of approximately \$174.4 million, or 3.8%, in withholding collections, an increase of approximately \$34.2 million, 18.0%, in income payments with returns and bills, a decrease of approximately \$36.1 million, or 16.7%, in income cash refunds, an increase of approximately \$39.7 million, or 1.6%, in sales and use tax collections, an increase of approximately \$19.8 million, or 15.2%, in estate collections, which were partly offset by a decrease of approximately \$32.9 million, 4.6%, in income cash estimated payments, and a decrease of approximately \$34.9 million, or 3.7%, in corporate and business collections. Year-to-date fiscal 2012 tax collections (through December) were approximately \$49 million below the year-to-date benchmark for the fiscal 2012 tax revenue estimate of \$21.010 billion, which was revised from \$20.615 billion by the Secretary of Administration and Finance on October 17, 2011. See "RECENT DEVELOPMENTS – Fiscal 2012."

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 – Fiscal 2012 Budget Proposals."

Federal and Other Non-Tax Revenues

On August 2, 2011, the President approved the Budget Control Act of 2011, which provides for between \$2.1 trillion and \$2.4 trillion of budgetary savings to the federal government over ten years. The first phase of federal spending reductions is to be implemented through \$917 billion in discretionary reductions. However, specific details concerning these reductions, particularly how they may affect state budgets, have not yet been provided by the federal government. The Commonwealth will continue to assess how it may be affected by these reductions and will take appropriate measures to prepare for and manage their impacts.

Lottery Revenues. Fiscal 2011 Lottery operating revenues were \$976.5 million, resulting in a \$10 million deficit against \$986.5 million in commitments appropriated by the Legislature from the State Lottery Fund and the Arts Lottery Fund, including Lottery administrative expenses and appropriations for local aid to cities and towns. Fiscal 2011 Lottery contributions to local aid totaled \$802.2 million.

The fiscal 2012 budget assumes total transfers from the Lottery of \$986.5 million to fund various commitments appropriated by the Legislature from the State Lottery Fund and the Arts Lottery Fund, including Lottery administrative expenses, and \$809.8 million in appropriations for local aid to cities and towns, with the balance, if any, to be transferred to the General Fund for the general activities of the Commonwealth. For fiscal 2012, the State Lottery Commission is currently projecting net operating revenues of \$996.4 million to fund the assumed transfers.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Lottery Revenues.*"

Tobacco Settlement.

Payments Received Pursuant to the Tobacco Master Settlement Agreement (in millions)(1)

Fiscal Year	Initial Payments	Annual Payments	Total Payments
2000	\$186.6(2)	\$139.6	\$326.2(2)
2001	78.2	164.2	242.5
2002	82.8	221.7	304.5
2003	86.4	213.6	300.0
2004	-	253.6	253.6
2005	-	257.4	257.4
2006	-	236.3	236.3
2007	-	245.4	245.4
2008	-	288.5	288.5
2009	-	315.2	315.2
2010	-	263.7	263.7
2011	-	248.7	248.7
Total	<u>\$434.00</u>	<u>\$2,894.10</u>	<u>\$3,328.20</u>

SOURCE: Office of the Comptroller.

(1) Amounts are approximate. Totals may not add due to rounding.

(2) Payments received for both 1999 and 2000.

Gaming. On November 22, 2011 the Governor approved legislation that would authorize the licensing of up to three regional resort casinos (one per region) and one slot facility (up to 1,250 slots) in the Commonwealth. The legislation would establish an appointed, independent state gaming commission to oversee the implementation of the law and the regulation of the resultant gaming facilities. Licensing fees collected by the commission would be applied to a variety of one-time state and local purposes, and gaming revenues received by the Commonwealth would be applied to a variety of ongoing expenses, including local aid and education, with stipulated percentages also deposited in the Stabilization Fund and applied to debt reduction. The legislation stipulates that initial licensing fees, which would be set by the gaming commission, must be at least \$85 million per casino and \$25 million for the slot facility. Neither the sponsors of the legislation nor the Executive Office for Administration and Finance have

released any cost or revenue projections. The Commonwealth's fiscal 2012 budget does not assume any revenue from expanded gaming.

Settlements and Judgments. The fiscal 2012 budget amended state finance law to provide that any one-time settlement or judgment amounting to \$10 million or more is to be deposited in the Stabilization Fund rather than used as revenue for the current fiscal year. Upon receiving a joint certification from the Commissioner of Revenue and the Attorney General that a state agency is in receipt of a one-time settlement or judgment for the Commonwealth in excess of \$10 million in any one fiscal year, the Comptroller is to transfer the proceeds of the settlement or judgment from the General Fund to the Stabilization Fund. Thus far in fiscal 2012, the Attorney General and Commissioner of Revenue have certified \$163.2 million for transfer to the Stabilization Fund on account of settlements and judgments. Such transfers are made on a bi-monthly basis.

Limitations on Tax Revenues

On September 27, 2011, the Department of Revenue certified that cumulative state tax revenues for fiscal 2011 exceeded the permissible state tax revenue limit set by Chapter 62F by approximately \$1.187 billion. Because \$9.0 million in Stabilization Fund investment income was transferred to the General Fund during fiscal 2011, as required by the fiscal 2011 budget, that same amount was transferred back to the Stabilization Fund before the remaining cumulative excess as of the end of fiscal 2011 was transferred back to the General Fund for inclusion in the consolidated net surplus.

The following table shows the quarter by quarter trend of the Temporary Holding Fund for fiscal 2007 through the third quarter of fiscal 2011.

Temporary Holding Fund (in thousands)

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
<u>First quarter - period ended September 30</u>					
Cumulative net tax revenues, current fiscal year	\$4,796,700	\$4,870,214	\$4,374,038	\$4,819,581	\$5,136,829
Cumulative net tax revenues, prior fiscal year	4,542,170	4,796,700	4,870,214	4,374,038	4,819,581
Permissible growth rate(1)	6.94%	7.89%	4.13%	2.57%	4.72%
Permissible state tax revenues(2)	<u>4,857,306</u>	<u>5,175,160</u>	<u>5,080,266</u>	<u>4,486,538</u>	<u>5,047,065</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	<u>\$333,042</u>	<u>\$89,764</u>
<u>Second quarter - period ended December 31</u>					
Cumulative net tax revenues, current fiscal year	\$9,194,513	\$9,200,005	\$8,834,580	\$9,732,050	
Cumulative net tax revenues, prior fiscal year	8,831,036	9,194,513	9,200,005	8,834,580	
Permissible growth rate(1)	6.93%	8.34%	2.10%	3.47%	
Permissible state tax revenues(2)	<u>9,442,585</u>	<u>9,960,876</u>	<u>9,392,837</u>	<u>9,140,698</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	<u>\$591,351</u>	
<u>Third quarter - period ended March 31</u>					
Cumulative net tax revenues, current fiscal year	\$14,485,334	\$13,599,204	\$13,358,852	\$14,550,178	
Cumulative net tax revenues, prior fiscal year	13,659,294	14,485,334	13,599,204	13,358,852	
Permissible growth rate(1)	7.41%	7.60%	2.00%	4.04%	
Permissible state tax revenues(2)	<u>14,671,584</u>	<u>15,586,799</u>	<u>13,871,188</u>	<u>13,898,416</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	<u>651,763</u>	
<u>Fourth Quarter - Period ending June 30</u>					
Cumulative net tax revenues, current fiscal year	\$21,009,329	\$18,513,036	\$18,792,777	\$20,776,223	
Cumulative net tax revenues, prior fiscal year	19,848,064	21,009,085	18,513,036	18,792,777	
Permissible growth rate(1)	7.66%	6.27%	1.61%	4.24%	
Permissible state tax revenues(2)	<u>21,368,426</u>	<u>22,325,305</u>	<u>18,810,911</u>	<u>19,588,839</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	<u>\$1,187,394</u>	

SOURCES: Office of the Comptroller.

(1) Defined as inflation plus 2%, but not less than 0%.

(2) Defined as cumulative net state tax revenues, prior fiscal year, multiplied by 1 plus the permissible growth rate.

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues.”

Medicaid and the Commonwealth Care Trust Fund

Federal 1115 MassHealth Demonstration Waiver. The Commonwealth’s 1115 waiver expired on June 30, 2011, but the Commonwealth received six successive one-month extensions from the Centers for Medicare and Medicaid Services (CMS) while renewal negotiations continued. On December 20, 2011 the waiver was renewed by CMS and will extend through June 30, 2014. The \$26.750 billion agreement, which represents a \$5.690 billion increase over the previous waiver, preserves existing eligibility and benefit levels in the Medicaid and Commonwealth Care programs and includes more than \$13.3 billion in revenue to the Commonwealth through federal financial participation. During the three-year waiver period, the Commonwealth will fully implement the federal Affordable Care Act, whose major provisions go into effect on January 1, 2014. The waiver supports spending authority to support alternative payment models and integrated care through Delivery System Transformation Initiative (DSTI) incentive payments to eligible safety net hospitals. The total amount of payments to these safety net providers over the three year period is up to \$628 million, of which up to \$82.2 million is expected to be covered by state resources annually.

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Medicaid and the Commonwealth Care Trust Fund; *Federal 1115 MassHealth Demonstration Waiver.*”

Other Health and Human Services

Office of Children, Youth, and Family Services. The first paragraph on page A-29 of the March Information Statement has been revised to read as follows: Through the Department of Transitional Assistance, the Commonwealth-funds three major programs of public assistance for eligible state residents: transitional aid to families with dependent children (TAFDC); emergency aid to the elderly, disabled and children (EAEDC); and the state supplemental benefits for residents enrolled in the federal supplemental security income (SSI) program. In addition, the Department is responsible for administering the entirely federally funded Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), which provides food assistance to low-income families and individuals. Lastly, beginning in fiscal 2008, the Department established a new supplemental nutritional program, which provides small supplemental benefits to certain working families currently enrolled in the SNAP program.

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Other Health and Human Services; *Office of Children, Youth, and Family Services.*”

PENSION AND OPEB FUNDING

Retirement Systems

On November 16, 2011, the Governor approved legislation containing pension reforms, including increasing the retirement ages, eliminating early retirement subsidies and increasing the period for average earnings from the highest three years to the highest five years for all new state employees who join a retirement system on or after April 2, 2012. The legislation is expected by the Executive Office for Administration and Finance to generate savings over the next 30 years estimated at more than \$3 billion for the Commonwealth and nearly \$2 billion for municipalities. These savings projections are not assumed in the revised pension funding schedule.

See the March Information Statement under the heading “PENSION AND OPEB FUNDING – Retirement Systems.”

Funding Schedule

The fiscal 2012 budget amended state law to extend the time period for amortizing the Commonwealth’s unfunded liability. Under the new law, the liability is to be amortized to zero by June 30, 2040. The fiscal 2012 budget also contains language requiring that pension funding amounts for fiscal 2012 through fiscal 2017 must be equal to or greater than the amounts for those years specified in the proposed funding schedule filed by the Secretary

of Administration and Finance on January 18, 2011. See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule."

Actuarial Valuations

On September 30, 2011, pursuant to Chapter 32 of the Massachusetts General Laws, the Public Employee Retirement Administration Commission (PERAC) released its actuarial valuation of the Commonwealth's total pension obligation as of January 1, 2011. This valuation was based on the plan provisions in effect at the time and is based on member data and asset information as of December 31, 2010. See the March Information Statement under the heading "PENSION AND OPEB FUNDING."

The unfunded actuarial accrued liability as of that date for the total obligation was approximately \$18.589 billion, including approximately \$4.998 billion for the Massachusetts State Employees' Retirement System (MSERS), \$11.773 billion for the Massachusetts Teachers' Retirement System (MTRS), \$1.536 billion for Boston Teachers and \$282 million for cost-of-living increases reimbursable to local systems. The valuation study estimated the total actuarial accrued liability as of January 1, 2011 to be approximately \$64.219 billion (comprised of \$26.243 billion for MSERS, \$34.891 billion for MTRS, \$2.804 billion for Boston Teachers and \$282 million for cost-of-living increases reimbursable to local systems). Total assets were valued on an actuarial basis at approximately \$45.631 billion based on a five-year average valuation method, which equaled 110% of the January 1, 2011 total asset market value.

The principal assumptions used in the valuation were an investment return assumption of 8.25% and a salary increase assumption based on Group and years of service. The ultimate salary increase rate is 4.5% for Groups 1 and 2, 5.0% for Groups 3 and 4, and 4.75% for teachers. The assumption is higher in early years of employment and grades down to the ultimate rate. All assumptions other than the investment return assumption are based on PERAC's most recent Experience Study Analysis for the State Retirement System, published in 2007 and the Massachusetts Teachers' Retirement System, published in 2008.

The Actuarial Cost Method which was used to determine pension liabilities in this valuation is known as the Entry Age Normal Cost Method. Under this method, the Normal Cost for each active member on the valuation date is determined as the level percent of salary, which, if paid annually from the date the employee first became a retirement system member, would fully fund by retirement, death, disability or termination, the projected benefits which the member is expected to receive. The Actuarial Liability for each member is determined as the present value as of the valuation date of all projected benefits which the member is expected to receive, minus the present value of future annual Normal Cost payments expected to be made to the fund. Since only active members have a Normal Cost, the Actuarial Liability for inactives, retirees, and survivors is simply equal to the present value of all projected benefits. The Unfunded Actuarial Liability is the Actuarial Liability less current assets.

The Normal Cost for a member will remain a level percent of salary for each year of membership, except for changes in provisions of the plan or the actuarial assumptions employed in projection of benefits and present value determinations. The Normal Cost for the entire system will also be changed by the addition of new members or the retirement, death, disability, or termination of members. The Actuarial Liability for a member will increase each year to reflect the additional accrual of Normal Cost. It will also change if the plan provisions or actuarial assumptions change.

Differences each year between the actual experience of the plan and the experience projected by the actuarial assumptions are reflected by adjustments to the Unfunded Actuarial Liability. An experience difference which increases the Unfunded Actuarial Liability is an Actuarial Loss and one which decreases the Unfunded Actuarial Liability is an Actuarial Gain.

The Actuarial Value of Assets is determined in accordance with the deferred recognition method under which 20% of the gains or losses occurring in the prior year are recognized, 40% of those occurring two years prior are recognized, etc., so that 100% of gains and losses occurring five years ago are recognized. This has the effect of smoothing the short-term volatility of market values over a five-year period. The actuarial value of assets will be adjusted, if necessary, in order to remain between 90% and 110% of market value. In valuations prior to 1998, plan assets were determined at market value. As part of the 1998 valuation, this methodology was adjusted to reduce the

potential volatility in the market value approach from year to year. The actuarial value of assets as of January 1, 2011 is 110% of the market value (the 110% limit has applied as of January 1, 2009, 2010 and 2011). The unfunded actuarial liability decreased from \$20.0 billion on January 1, 2010 to \$18.6 billion on January 1, 2011. However, the unfunded liability is expected to increase in the ensuing years as remaining 2008 investment losses are recognized and the 90%-110% corridor no longer applies.

The following table shows the valuation of accrued liabilities and assets from 2007 through 2011:

Pension Fund Valuation and Unfunded Accrued Liabilities (in millions)

Unfunded Accrued Liabilities

<u>Valuation Date (Jan. 1)</u>	<u>Total Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets (1)</u>	<u>Unfunded Actuarial Liability (2)</u>	<u>Market Value of Unfunded Liability</u>
2007	53,761	40,412	13,349	8,859
2008	56,637	44,532	12,105	7,402
2009	59,142	37,058	22,084	25,453
2010	61,576	41,589	19,986	23,767
2011	64,219	45,631	18,589	22,737

SOURCE: Public Employee Retirement Administration Commission.

(1) Based on five-year average smoothing methodology.

(2) Based on actuarial valuation.

The following table shows the pension funding progress from 2007 through 2011:

Pension Funding Progress for the last five fiscal years

(Amounts in thousands except for percentages)

	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
<u>State Employees' Retirement System</u>						
Actuarial Valuation as of Jan. 1						
2011	\$ 21,244,900	\$ 26,242,776	\$ 4,997,876	81.0%	\$ 4,808,250	103.94%
2010	19,019,062	24,862,421	5,843,359	76.5%	4,711,563	124.00%
2009	16,992,214	23,723,240	6,731,026	71.6%	4,712,655	142.80%
2008	20,400,656	22,820,502	2,419,846	89.4%	4,574,233	52.90%
2007	18,445,225	21,670,810	3,225,585	85.1%	4,391,891	73.40%
<u>Teachers' Retirement System</u>						
Actuarial Valuation as of Jan. 1						
2011	\$ 23,117,952	\$ 34,890,991	\$ 11,773,039	66.3%	\$ 5,558,311	211.81%
2010	21,262,462	33,738,966	12,476,504	63.0%	5,509,698	226.40%
2009	18,927,731	32,543,782	13,616,051	58.2%	5,389,895	252.60%
2008	22,883,553	30,955,504	8,071,951	73.9%	5,163,498	156.30%
2007	20,820,392	29,320,714	8,500,322	71.0%	4,969,092	171.10%

SOURCE: Public Employee Retirement Administration Commission.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING -- Actuarial Valuations."

Annual Required Contributions

The following table sets forth the annual required contribution (ARC) by the Commonwealth under generally accepted accounting principles, its reimbursement to Boston for its payments to SBRS (the fiscal 2010 payment includes both the final payment in arrears and the first annual contribution under 2010 legislation described in the March Information Statement under the heading "PENSION AND OPEB FUNDING -- Retirement Systems") and payments for municipal COLAs for each of the fiscal years indicated. The ARC is determined annually based on the most recent Commonwealth valuation. Valuations have been performed annually since January 1, 2000. As noted in

the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule," the Commonwealth also develops a revised funding schedule by statute at least every three years, and the Commonwealth made the full contribution required, under the then-current funding schedule, for each year displayed in the table. The prior funding schedule was filed in February, 2009 and based on valuation results as of January 1, 2008. Since the funding schedule can be several years old when the ARC is determined, the funding schedule information lags the more current ARC information except in the year in which the funding schedule is developed. Accordingly, in some years the ARC will exceed the contribution made and in other years the contribution made will exceed the ARC. Due to significant investment losses in 2008, the unfunded liability (and therefore the ARC) increased significantly for fiscal 2009. However, the funding schedule was based on the 2008 valuation before the market downturn. This accounts for the discrepancy between the ARC and contributions made in fiscal 2009. In fiscal 2010 the discrepancy is accounted for by the market downturn and the double payment to SBRs described above. As noted in the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule," in January, 2011, a revised Commonwealth schedule was filed that extended the amortization period to 2040.

Annual Required Contributions and Other Pension Contributions
(amounts in thousands)

	<u>SERS</u>	<u>MTRS</u>	<u>Total</u>	<u>COLA(1)</u>	<u>BTRS(1)</u>
<u>2011</u>					
Annual required contribution (ARC).....	\$471,096	\$767,960	\$1,239,056	n/a	n/a
Contributions made, excluding COLAs.....	<u>431,166</u>	<u>855,201</u>	<u>1,286,367</u>	<u>34,153</u>	<u>121,290</u>
% Funded for the fiscal year.....	92%	111%	104%		
<u>2010</u>					
Annual required contribution (ARC).....	\$646,932	\$1,106,052	\$1,752,984	n/a	n/a
Contributions made, excluding COLAs.....	<u>410,682</u>	<u>690,397</u>	<u>1,101,079</u>	<u>32,683</u>	<u>242,857</u>
% Funded for the fiscal year.....	63%	62%	63%		
<u>2009</u>					
Annual required contribution.....	697,340	1,149,629	1,846,969	n/a	n/a
Contributions made, excluding COLAs.....	<u>397,482</u>	<u>781,026</u>	<u>1,178,508</u>	<u>34,696</u>	<u>122,216</u>
% Funded for the fiscal year.....	57%	68%	64%		
<u>2008</u>					
Annual required contribution.....	369,866	749,853	1,119,719	n/a	n/a
Contributions made, excluding COLAs.....	<u>460,788</u>	<u>809,000</u>	<u>1,269,788</u>	<u>34,000</u>	<u>98,000</u>
% Funded for the fiscal year.....	125%	108%	113%		
<u>2007</u>					
Annual required contribution.....	432,219	763,798	1,196,017	n/a	n/a
Contributions made, excluding COLAs.....	<u>435,610</u>	<u>747,000</u>	<u>1,182,610</u>	<u>37,005</u>	<u>93,300</u>
% Funded for the fiscal year.....	101%	98%	99%		

SOURCE: Office of the Comptroller.

(1) COLA and BTRS contributions are additional amounts funded by the Commonwealth, but are not part of the Commonwealth's funding of ARC.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Annual Required Contributions."

PRIT Fund Investments

The PRIM Board's overall investment performance goal is to achieve an annual rate of return that exceeds the targeted actuarial rate of return used in determining the Commonwealth's pension obligations (currently 8.25%). The investment policy statement adopted by the PRIM Board requires a comprehensive review of the PRIM Board's asset allocation plan and its underlying assumptions at reasonable intervals of not more than three to five years. In addition, the investment policy statement requires that the PRIM Board conduct an annual evaluation of the PRIT Fund's asset allocation. The PRIM Board's last comprehensive review of the PRIT Fund asset allocation was conducted in the beginning of fiscal 2011.

In addition to asset allocation diversification, the PRIM Board seeks to diversify the PRIT Fund by choosing complementary investment styles and strategies within asset classes. The PRIM Board also develops detailed investment guidelines for each investment manager to ensure that portfolios are adequately diversified at the individual manager level.

The PRIT Fund's asset allocation plan currently uses the following categories of investments (the description is as of June 30, 2011):

Domestic Equity. Domestic Equity constitutes 22% of the PRIT Fund portfolio, approximately 23% of which is invested using a large capitalization stock strategy (two active managers), with the remaining 77% invested under a Russell 3000 index strategy (one passive manager). The portfolio is style neutral as between growth- and value-oriented stocks.

International Equity. International Equity constitutes 22% of the PRIT Fund portfolio which is allocated to one passively managed account (which comprises 44% of the portfolio) and four actively managed accounts (56% of the portfolio). The PRIM Board maintains a target weighting of 50% passive and 50% active for the international equity portfolio. The primary strategy for this portfolio is investing in companies in developed market, industrialized nations outside of the United States.

Emerging Markets. Emerging Markets constitutes 7% of the PRIT Fund portfolio, which is allocated to three active managers (which comprise about 76% of the emerging market portfolio) and one passive manager (24%). Since May, 2010, the PRIM Board has targeted a weighting of 75% active and 25% passive for this portfolio.

Core Fixed Income. Core Fixed Income constitutes 13% of the PRIT Fund portfolio, which is invested in corporate, government and mortgage-backed securities in the investment grade bond market (37% active, 36% passive). Approximately 13% is invested in global inflation linked bonds, and approximately 10% in U. S. Treasury Inflation Protected Securities. The balance of the portfolio (4%) contains investments under the PRIM Board's economically targeted investment (ETI) program.

Value-Added Fixed Income. Value Added Fixed Income constitutes 6% of the PRIT Fund portfolio, which is invested in distressed debt (44%), high-yield bonds (24%), emerging markets debt (23%) and bank loans (9%).

Private Equity. Private Equity constitutes 11% of the PRIT Fund portfolio. Two components comprise the private equity portfolio: venture capital (early-stage and multi-stage) and special equity partnerships (large market buyout, middle market buyout, and growth equity). These private market investments are illiquid and typically have 10- to 15-year life cycles. The portfolio is highly diversified at the underlying portfolio company level.

Real Estate. Real estate holdings constitute 8% of the PRIT Fund portfolio, which consists of directly-owned properties (73%) and real estate investment trusts (27%).

Timber/Natural Resources. Timber/Natural Resources constitutes 4% of the PRIT Fund portfolio, which is invested in both timberland investments (52%), and natural resource-oriented companies (48%) such as oil, mining and energy companies.

Hedge Funds. Hedge Funds constitute 7% of the PRIT Fund portfolio. This portfolio has investments in five active hedge funds of funds managers and one residual liquidating portfolio.

PRIT Fund Asset Allocation
(As of June 30)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Domestic Equity	22.00%	19.90%	24.40%	26.10%	29.90%
International Equity	21.70%	20.00%	19.00%	20.00%	21.00%
Emerging Markets	6.60%	5.70%	5.00%	5.50%	5.50%
Fixed Income	13.20%	14.00%	13.00%	16.80%	15.40%
Value-Added Fixed Income	6.00%	7.00%	7.70%	5.00%	4.60%
Private Equity	10.70%	10.60%	9.60%	8.40%	6.70%
Real Estate	8.20%	9.10%	10.90%	10.90%	8.60%
Timber/Natural Resources	4.00%	4.10%	4.70%	2.10%	3.20%
Hedge Funds	7.20%	7.70%	5.70%	5.20%	5.10%
Portable Alpha Wind Down(1)	0.40%	1.90%	0.00%	0.00%	0.00%

(1) Prior to January 1, 2010, Portable Alpha Assets were reflected in the Domestic Equity portfolio.

SOURCE: Pension Reserves Investment Management Board.

The following table sets forth the gross investment rates of return for the assets in the PRIT Fund for the last five fiscal years:

PRIT Fund Rates of Return

<u>Fiscal Year</u>	<u>Rate of Return</u>
2011	22.30%
2010	12.82%
2009	(23.87)%
2008	(1.81)%
2007	19.92%
5yr average	4.35%
10yr average	6.53%
Assumed Rate	8.25%

SOURCE: Pension Reserves Investment Management Board.

See the March Information Statement under the heading “PENSION AND OPEB FUNDING – PRIT Fund Investments.”

Other Post-Retirement Benefit Obligations (OPEB)

The fiscal 2012 budget provides that 10% of all tobacco settlement payments received by the Commonwealth in fiscal 2013 are to be deposited in the State Retiree Benefits Trust Fund, with the amount of payments to be deposited increasing by 10 percentage points in each succeeding year until the amount to be deposited reaches 100% of the payments. See “COMMONWEALTH REVENUE AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Tobacco Settlement*” and the March Information Statement under the heading “PENSION AND OPEB FUNDING – Other Post-Retirement Benefit Obligations (OPEB).”

STATE WORKFORCE

Unions and Labor Negotiations

Concessions made by most state collective bargaining units to help the Commonwealth manage through the fiscal challenges caused by the recession over the last couple of years included delaying wage increases to which the Commonwealth had previously agreed by one year. If tax revenue collections exceeded certain thresholds, however, then the wage increases would be delayed by six months instead of one year. In either case, the delay of the wage increases results in permanent annual savings to the Commonwealth of tens of millions of dollars.

Fiscal year 2011 tax revenue collections exceeded the threshold in the collective bargaining agreements that triggers a six-month wage increase delay for fiscal years 2011 and 2012 instead of a one-year delay. Because the fiscal year 2011 and fiscal year 2012 budgets had been based on tax revenue estimates that were below the threshold, those budgets did not fund the additional costs associated with a six-month delay instead of a one-year delay. The Executive Office of Administration estimates that the potential aggregate additional cost resulting from tax revenues exceeding the threshold is \$110 million for fiscal years 2011 and 2012 combined. As a result of the fact that this cost was not anticipated and is not budgeted, the Executive Office of Administration and Finance has been negotiating with state collective bargaining units to amend the collective bargaining agreements to eliminate the provisions that allow the delayed wage increases to be accelerated by six months in exchange for a two-year extension of the existing collective bargaining agreements. Several of the Commonwealth's largest employee unions have already agreed to the contract amendments and negotiations are continuing with the other unions. At this point, the Executive Office of Administration and Finance does not plan to seek supplemental appropriations to fund any costs associated with the provisions providing for a six-month acceleration of the delayed wage increases previously negotiated.

See the March Information Statement under the heading "STATE WORKFORCE – Unions and Labor Negotiations."

CASH FLOW

On September 6, 2011, the State Treasurer and the Secretary of Administration and Finance released cash flow statements for fiscal 2011 and fiscal 2012. On December 1, 2011, the State Treasurer and the Secretary of Administration and Finance released a revised cash flow statement for fiscal 2012. The September 6, 2011 cash flow statement for fiscal 2011 and the December 1, 2011 cash flow statement for fiscal 2012 are summarized in the tables below.

The next cash flow statement is expected to be released on or about February 29, 2012. See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 – Cash Flow."

Overview of Final Fiscal 2011 Non-Segregated Operating Cash Flow (in millions) (1)
(as of August 31, 2011)

	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep -10</u>	<u>Oct -10</u>	<u>Nov -10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>June-11</u>	<u>Total FY 2011</u>
Opening Non-Segregated Operating Cash Balance	\$844.3	\$1,082.2	\$1,852.1	\$1,715.3	\$1,522.2	\$1,661.9	\$1,558.0	\$1,948.2	\$1,591.3	\$924.8	\$2,246.0	\$2,363.0	\$844.3
Operating Activities:													
Budgetary Funds:													
<i>Transfer from/(to) Stabilization Fund</i>	\$0.0	\$0.0	\$12.7	\$0.0	(\$11.3)	\$0.0	\$0.0	\$0.0	\$0.0	\$4.3	\$0.0	\$0.0	\$5.8
Total Budgetary Revenue/Inflows	\$2,642.8	\$2,369.4	\$3,004.9	\$2,476.0	\$2,841.3	\$3,231.5	\$3,010.1	\$2,402.1	\$3,131.8	\$4,043.8	\$2,669.6	\$3,383.1	\$35,206.5
Total Budgetary Expenditures/Outflows	\$2,461.6	\$2,273.0	\$3,096.3	\$2,376.6	\$2,643.2	\$3,135.5	\$2,152.3	\$2,666.7	\$3,360.6	\$2,628.5	\$2,071.2	\$2,889.7	\$31,755.2
Net Budgetary Funds	\$181.2	\$96.4	(\$91.4)	\$99.4	\$198.1	\$96.0	\$857.8	(\$264.6)	(\$228.8)	\$1,415.3	\$598.4	\$493.5	\$3,451.3
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):													
Total Non Budgetary Revenue/Inflows	\$748.4	\$730.7	\$755.9	\$757.5	\$1,117.3	\$440.0	\$810.8	\$876.8	\$475.6	\$1,317.7	\$658.0	\$707.7	\$9,396.5
Total Non Budgetary Expenditures/Outflows	\$892.6	\$949.0	\$933.0	\$944.0	\$981.5	\$1,235.6	\$925.5	\$934.3	\$1,065.3	\$859.9	\$1,038.8	\$1,076.1	\$11,835.7
Net Non Budgetary Funds	(\$144.2)	(\$218.4)	(\$177.1)	(\$186.5)	\$135.8	(\$795.6)	(\$114.7)	(\$57.5)	(\$589.7)	\$457.8	(\$380.8)	(\$368.3)	(\$2,439.2)
Net Undesignated Revenue/Inflows and Expenditures/Outflows	(\$14.5)	\$1.5	\$1.6	\$1.9	\$1.6	\$1.9	\$1.6	\$7.7	\$1.6	\$1.6	\$7.5	\$3.2	\$17.4
Net Operating Activities	\$22.5	(\$120.4)	(\$266.9)	(\$85.2)	\$335.6	(\$697.6)	\$744.7	(\$314.4)	(\$816.9)	\$1,874.6	\$225.1	\$128.4	\$1,029.5
Federal Grants:													
Total Federal Grants Revenue/Inflows	\$277.5	\$194.3	\$278.9	\$180.7	\$179.5	\$330.0	\$48.8	\$383.3	\$379.3	\$191.6	\$322.0	\$361.8	\$3,127.8
Total Federal Grants Expenditures/Outflows	\$230.2	\$332.8	\$188.1	\$195.7	\$235.8	\$294.5	\$253.3	\$278.7	\$301.8	\$250.1	\$317.1	\$287.4	\$3,165.5
Net Federal Grants	\$47.3	(\$138.5)	\$90.8	(\$15.0)	(\$56.2)	\$35.6	(\$204.5)	\$104.6	\$77.5	(\$58.5)	\$4.9	\$74.4	(\$37.8)
Capital Funds:													
Total Capital Revenue/Inflows	\$422.4	\$56.4	\$256.4	\$146.2	\$68.1	\$754.1	\$35.2	\$30.5	\$250.8	\$52.8	\$511.2	\$311.7	\$2,895.8
Total Capital Expenditures/Outflows:	\$254.3	\$227.5	\$217.1	\$239.0	\$207.7	\$195.9	\$185.3	\$177.6	\$177.9	\$193.0	\$193.0	\$245.1	\$2,513.4
Net Capital Funds	\$168.1	(\$171.1)	\$39.3	(\$92.8)	(\$139.6)	\$558.2	(\$150.0)	(\$147.1)	\$72.9	(\$140.1)	\$318.3	\$66.6	\$382.4
Financing Activities:													
Cash Flow Financing Activities Inflows:													
<i>Commercial Paper</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Revenue Anticipation Notes (RANS)</i>	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Total Cash Flow Financing Activities Inflows	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Cash Flow Financing Activities Outflows:													
<i>Commercial Paper – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>RANS – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$354.7	\$431.4	\$432.0	\$1,218.1
Total Cash Flow Financing Activities Outflows	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$354.7	\$431.4	\$432.0	\$1,218.1
Net Financing Activities	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$354.7)	(\$431.4)	(\$432.0)	(\$18.1)
Ending Non-Segregated Operating Cash Balance	\$1,082.2	\$1,852.1	\$1,715.3	\$1,522.2	\$1,661.9	\$1,558.0	\$1,948.2	\$1,591.3	\$924.8	\$2,246.0	\$2,363.0	\$2,200.4	\$2,200.4

SOURCE: Office of the Treasurer and Receiver-General.
(1) Totals may not add due to rounding.

Overview of Fiscal 2012 Non-Segregated Operating Cash Flow (in millions) (1)
(as of November 30, 2011)

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11(2)</u>	<u>Dec-11 (2)</u>	<u>Jan-12 (2)</u>	<u>Feb-12 (2)</u>	<u>Mar-12(2)</u>	<u>Apr-12 (2)</u>	<u>May-12(2)</u>	<u>June-12(2)</u>	<u>Total FY 2012 (2)</u>
Opening Non-Segregated Operating Cash Balance	\$2,200.4	\$2,194.6	\$2,153.0	\$1,461.9	\$1,522.5	\$1,445.7	\$981.4	\$1,531.8	\$1,005.3	\$356.7	\$1,376.2	\$759.1	\$2,200.4
Operating Activities:													
Budgetary Funds:													
<i>Transfer from/(to) Stabilization Fund</i>	\$0.0	\$0.0	\$2.8	(\$71.3)	(\$717.7)	\$185.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$601.3)
Total Budgetary Revenue/Inflows	\$2,275.6	\$2,555.9	\$2,865.4	\$2,377.4	\$1,674.0	\$3,221.9	\$3,157.0	\$2,212.3	\$3,254.3	\$4,161.7	\$2,507.4	\$3,531.3	\$33,794.2
Total Budgetary Expenditures/Outflows	\$2,304.8	\$2,444.0	\$3,434.0	\$1,929.3	\$2,671.9	\$3,486.1	\$2,435.0	\$2,546.7	\$3,783.6	\$2,331.3	\$2,364.1	\$3,154.3	\$32,885.1
Net Budgetary Funds	(\$29.3)	\$111.9	(\$568.6)	\$448.2	(\$997.9)	(\$264.3)	\$722.1	(\$334.4)	(\$529.3)	\$1,830.4	\$143.3	\$377.0	\$909.1
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):													
Total Non Budgetary Revenue/Inflows	\$842.3	\$900.7	\$794.1	\$438.4	\$829.6	\$889.0	\$822.6	\$701.6	\$962.8	\$678.7	\$663.6	\$837.3	\$9,360.7
Total Non Budgetary Expenditures/Outflows	\$806.7	\$1,018.2	\$1,029.3	\$803.5	\$1,038.5	\$1,106.0	\$1,037.0	\$898.2	\$1,067.5	\$906.0	\$826.0	\$946.0	\$11,482.9
Net Non Budgetary Funds	\$35.6	(\$117.5)	(\$235.2)	(\$365.1)	(\$208.9)	(\$217.0)	(\$214.4)	(\$196.6)	(\$104.7)	(\$227.3)	(\$162.4)	(\$108.7)	(\$2,122.2)
Net Undesignated Revenue/Inflows and Expenditures/Outflows	\$7.1	(\$10.6)	\$1.2	\$1.3	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$7.1
Net Operating Activities	\$13.4	(\$16.2)	(\$802.5)	\$84.4	(\$1,205.8)	(\$480.3)	\$508.7	(\$530.0)	(\$632.9)	\$1,604.1	(\$18.1)	\$269.4	(\$1,206.0)
Federal Grants:													
Total Federal Grants Revenue/Inflows	\$191.0	\$299.9	\$178.1	\$156.5	\$245.0	\$295.0	\$250.0	\$230.0	\$225.0	\$250.0	\$225.0	\$285.6	\$2,831.0
Total Federal Grants Expenditures/Outflows	\$231.7	\$284.9	\$185.0	\$178.8	\$230.0	\$291.5	\$233.0	\$234.0	\$241.5	\$234.5	\$224.0	\$275.5	\$2,844.4
Net Federal Grants	(\$40.7)	\$14.9	(\$6.9)	(\$22.3)	\$15.0	\$3.5	\$17.0	(\$4.0)	(\$16.5)	\$15.5	\$1.0	\$10.1	(\$13.4)
Capital Funds:													
Total Capital Revenue/Inflows	\$288.0	\$222.9	\$355.1	\$234.2	\$156.9	\$242.0	\$242.1	\$216.3	\$209.9	\$226.1	\$226.1	\$285.1	\$2,904.6
Total Capital Expenditures/Outflows:	\$266.4	\$263.3	\$236.8	\$235.7	\$242.8	\$229.5	\$217.4	\$208.7	\$209.1	\$226.1	\$226.1	\$285.1	\$2,847.0
Net Capital Funds	21.62	(40.32)	118.26	(1.48)	(85.93)	12.48	24.68	7.57	0.77	0.00	0.00	0.00	\$57.6
Financing Activities:													
Cash Flow Financing Activities Inflows:													
<i>Commercial Paper</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Revenue Anticipation Notes (RANS)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Total Cash Flow Financing Activities Inflows	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Cash Flow Financing Activities Outflows:													
<i>Commercial Paper – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>RANS – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$600.0	\$600.0	\$0.0	\$1,200.0
Total Cash Flow Financing Activities Outflows	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$600.0	\$600.0	\$0.0	\$1,200.0
Net Financing Activities	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$600.0)	(\$600.0)	\$0.0	(\$0.0)
Ending Non-Segregated Operating Cash Balance	\$2,194.6	\$2,153.0	\$1,461.9	\$1,522.5	\$1,445.7	\$981.4	\$1,531.8	\$1,005.3	\$356.7	\$1,376.2	\$759.1	\$1,038.6	\$1,038.6

SOURCE: Office of the Treasurer and Receiver-General.

(1) Totals may not add due to rounding.

(2) Figures are estimated.

LONG-TERM LIABILITIES

General and Special Obligation Long-Term Debt Issuance and Repayment Analysis (in thousands) (1)

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
Beginning Balance as of July 1	\$18,461,406	\$18,736,961	\$18,734,440	\$19,264,569	\$19,726,507
Debt Issued	1,556,485	1,280,824	1,887,108	1,667,584	2,233,368
Subtotal	<u>20,017,891</u>	<u>20,017,785</u>	<u>20,621,548</u>	<u>20,932,153</u>	<u>21,959,875</u>
Debt retired or defeased, exclusive of refunded debt	(1,399,715)	(1,179,730)	(1,227,029)	(1,207,150)	(974,770)
Refunding debt issued, net of refunded debt (3)	<u>118,785</u>	<u>(103,615)</u>	<u>(129,950)</u>	<u>1,504</u>	<u>(110,050)</u>
Ending Balance June 30 (2)	<u>\$18,736,961</u>	<u>\$18,734,440</u>	<u>\$19,264,569</u>	<u>\$19,726,507</u>	<u>\$20,875,055</u>

SOURCE: Office of the Comptroller.

- (1) Including premium, discount and accretion of capital appreciation bonds.
- (2) Includes federal grant anticipation notes issued as crossover refunding bonds. The refunding escrows funded by these bonds and related premiums are used to pay interest on the refunding bonds until the refunded bonds are callable and then to redeem the refunded bonds. Interest on the refunded bonds prior to redemption continues to be paid from pledged revenues as before.
- (3) Amounts may be negative due to defeasances of debt of authorities from the issuance of Commonwealth debt as afforded under General Laws.

See the March Information Statement under the heading "LONG-TERM LIABILITIES-- General and Special Obligation Long-Term Debt Issuance and Repayment Analysis."

Outstanding Long Term Commonwealth Debt (in thousands)

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
General Obligation Debt	\$15,822,591	\$16,086,470	\$17,051,724	\$17,655,539	\$18,516,760
Special Obligation Debt	1,248,750	1,112,590	1,078,630	1,063,501	1,591,505
Federal Grant Anticipation Notes	<u>1,665,620</u>	<u>1,535,380</u>	<u>1,134,215</u>	<u>997,467</u>	<u>766,790</u>
TOTAL	<u>\$18,736,961</u>	<u>\$18,734,440</u>	<u>\$19,264,569</u>	<u>\$19,726,507</u>	<u>\$20,875,055</u>

SOURCE: Office of the Comptroller.

See the March Information Statement under the heading "LONG-TERM LIABILITIES--Outstanding Long Term Commonwealth Debt."

Debt Service Requirements

The following table sets forth, as of December 31, 2011, the annual fiscal year debt service requirements on outstanding Commonwealth general obligation bonds, special obligation bonds and federal grant anticipation notes. For variable-rate bonds with respect to which the Commonwealth is a fixed-rate payor under an associated interest rate swap agreement, the debt service schedule assumes payment of the fixed rate due under such agreement. For other variable-rate bonds, the schedule assumes a 5% interest rate.

See the March Information Statement under the heading "LONG-TERM LIABILITIES--Debt Service Requirements."

Debt Service Requirements on Commonwealth Bonds as of December 31, 2011 through Maturity (in thousands) (1)

<u>General Obligation Bonds</u>							<u>Federal Highway Grant Anticipation Notes</u>				
<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Compounded</u> <u>Interest</u>	<u>Gross</u> <u>Interest</u>	<u>Build</u> <u>America</u> <u>Bonds</u> <u>Subsidies</u>	<u>Net</u> <u>Interest</u>	<u>Debt</u> <u>Service</u>	<u>Principal</u>	<u>Gross</u> <u>Interest</u>	<u>Build America</u> <u>Bonds</u> <u>Subsidies</u>	<u>Net</u> <u>Interest</u>	<u>Debt</u> <u>Service</u>
6/30/2012	\$353,995	\$0	\$436,247	\$(18,279)	\$417,969	\$771,964	\$47,425	\$15,197	\$(747)	\$14,450	\$61,875
6/30/2013	1,342,899	9,413	833,785	(36,557)	797,228	2,149,540	161,285	26,876	(1,494)	25,382	186,667
6/30/2014	1,266,297	7,735	780,851	(36,557)	744,294	2,018,326	170,710	17,450	(1,494)	15,956	186,666
6/30/2015	1,128,428	7,686	728,595	(36,557)	692,038	1,828,152	178,390	9,773	(1,494)	8,279	186,669
6/30/2016	1,176,015	6,652	677,145	(36,557)	640,588	1,823,254	11,390	4,098	(1,434)	2,664	14,054
6/30/2017	952,287	5,580	625,688	(36,557)	589,131	1,546,997	11,635	3,720	(1,302)	2,418	14,053
6/30/2018	890,300	4,237	581,076	(36,557)	544,518	1,439,055	11,925	3,277	(1,147)	2,130	14,055
6/30/2019	874,266	3,688	537,247	(36,557)	500,690	1,378,644	12,245	2,780	(973)	1,807	14,052
6/30/2020	870,829	2,970	495,789	(36,300)	459,489	1,333,288	12,600	2,235	(782)	1,453	14,053
6/30/2021	1,133,033	2,566	446,606	(35,014)	411,593	1,547,191	12,985	1,648	(577)	1,071	14,056
6/30/2022	1,036,371	2,274	395,098	(32,698)	362,400	1,401,044	13,390	1,020	(357)	663	14,053
6/30/2023	814,238	2,130	349,448	(31,412)	318,036	1,134,403	<u>13,830</u>	<u>348</u>	<u>(122)</u>	<u>226</u>	<u>14,056</u>
6/30/2024	764,750	1,796	311,112	(31,295)	279,817	1,046,364					
6/30/2025	711,860	1,679	276,229	(31,295)	244,934	958,473					
6/30/2026	664,501	1,577	243,763	(30,776)	212,987	879,065					
6/30/2027	575,599	1,524	214,822	(30,203)	184,619	761,742					
6/30/2028	535,965	1,667	189,596	(28,953)	160,643	698,275					
6/30/2029	643,744	1,021	162,772	(26,687)	136,085	780,849					
6/30/2030	604,701	623	131,113	(22,892)	108,221	713,545					
6/30/2031	517,331	355	97,984	(16,808)	81,176	598,863					
6/30/2032	258,797	157	82,021	(14,776)	67,245	326,199					
6/30/2033	187,300		69,908	(12,440)	57,468	244,768					
6/30/2034	188,585		60,460	(11,068)	49,392	237,977					
6/30/2035	196,755		50,745	(9,647)	41,098	237,853					
6/30/2036	205,130		40,643	(8,177)	32,466	237,596					
6/30/2037	214,730		30,106	(6,654)	23,452	238,182					
6/30/2038	194,135		19,102	(5,077)	14,025	208,160					
6/30/2039	123,805		10,940	(3,445)	7,495	131,300					
6/30/2040	91,905		4,596	(1,609)	2,988	94,893					
TOTAL	\$18,518,550	\$65,328	\$8,883,490	\$(701,404)	\$8,182,085	\$26,765,963	\$657,810	\$88,422	\$(11,923)	\$76,499	\$734,309

Special Obligation Revenue Bonds (Convention Center)				Special Obligation Revenue Bonds (CTF-Accelerated Bridge Program) Build America					Special Obligation Revenue Bonds (Gas Tax)		
Period Ending	Principal	Interest	Debt Service	Principal	Gross Interest	Bonds Subsidies	Net Interest	Debt Service	Principal	Interest	Debt Service
6/30/2012		\$17,243	\$17,243		\$16,312	\$(6,157)	\$10,155	\$10,155	\$39,135	\$9,902	\$49,037
6/30/2013		34,486	34,486		32,623	(12,314)	20,309	20,309	41,150	17,772	58,922
6/30/2014		34,486	34,486		32,623	(12,314)	20,309	20,309	37,170	15,534	52,704
6/30/2015	\$19,995	34,486	54,481		32,623	(12,314)	20,309	20,309	39,070	13,631	52,701
6/30/2016	21,075	33,436	54,511		32,623	(12,314)	20,309	20,309	39,900	11,482	51,382
6/30/2017	22,210	32,330	54,540		32,623	(12,314)	20,309	20,309	42,465	9,287	51,752
6/30/2018	23,310	31,164	54,474		32,623	(12,314)	20,309	20,309	23,040	7,261	30,301
6/30/2019	24,475	30,126	54,601		32,623	(12,314)	20,309	20,309	24,300	5,994	30,294
6/30/2020	23,380	28,842	52,222		32,623	(12,314)	20,309	20,309	25,640	4,658	30,298
6/30/2021	24,610	27,673	52,283		32,623	(12,314)	20,309	20,309	26,905	3,392	30,297
6/30/2022	25,970	26,380	52,350		32,623	(12,314)	20,309	20,309	28,385	1,912	30,297
6/30/2023	27,440	24,952	52,392		32,623	(12,314)	20,309	20,309	9,520	476	9,996
6/30/2024	28,990	23,443	52,433	\$21,325	32,623	(12,314)	20,309	41,634	0	0	0
6/30/2025	30,625	21,848	52,473	22,395	31,546	(11,937)	19,609	42,004	0	0	0
6/30/2026	32,360	20,164	52,524	23,550	30,381	(11,529)	18,851	42,401	0	0	0
6/30/2027	34,190	18,384	52,574	24,860	29,054	(11,065)	17,989	42,849	0	0	0
6/30/2028	36,125	16,504	52,629	26,245	27,655	(10,575)	17,079	43,324	0	0	0
6/30/2029	38,170	14,517	52,687	27,710	26,177	(10,058)	16,119	43,829	0	0	0
6/30/2030	40,330	12,418	52,748	29,250	24,616	(9,512)	15,105	44,355	0	0	0
6/30/2031	42,610	10,199	52,809	30,880	22,969	(8,935)	14,034	44,914	0	0	0
6/30/2032	45,020	7,856	52,876	32,635	21,200	(8,316)	12,884	45,519	0	0	0
6/30/2033	47,565	5,380	52,945	34,485	19,329	(7,661)	11,668	46,153	0	0	0
6/30/2034	50,250	2,764	53,014	36,440	17,353	(6,970)	10,383	46,823	0	0	0
6/30/2035				38,505	15,265	(6,239)	9,026	47,531	0	0	0
6/30/2036				40,685	13,058	(5,466)	7,591	48,276	0	0	0
6/30/2037				42,995	10,726	(4,650)	6,076	49,071	0	0	0
6/30/2038				45,430	8,262	(3,718)	4,544	49,974	0	0	0
6/30/2039				48,005	5,659	(2,546)	3,112	51,117	0	0	0
6/30/2040				50,730	2,907	(1,308)	1,599	52,329	0	0	0
TOTAL	\$638,700	\$509,081	\$1,147,781	\$576,125	\$713,947	\$(274,414)	\$439,533	\$1,015,658	\$376,680	\$101,300	\$477,980

SOURCE: Office of the Comptroller.
(1) Totals may not add due to rounding.

Liquidity Facilities

The following table describes the liquidity facilities that the Commonwealth had in connection with certain of its outstanding bond issues as of December 31, 2011.

<u>Variable Rate Bonds</u>	<u>Facility Amount (in thousands)</u>	<u>Bank</u>	<u>Facility Type</u>	<u>Termination Date</u>
1997 Series B (Refunding)	\$271,280	Helaba(1)	Line	2/08/2012
1998 Series A (Refunding)	\$222,355	JP Morgan Chase Bank	Line	3/12/2013
2000 Series A	\$200,000	Bank of America	Line	12/23/2014
2000 Series B	\$75,590	State Street Bank	Line	3/29/2012
2001 Series B (Refunding)	\$248,110	Landesbank Hessen- Thuringen (Helaba)(2)	Line	2/08/2012
2001 Series C (Refunding)	\$248,115	State Street Bank	Line	2/20/2014
2006 Series A	\$150,000	Wells Fargo Bank, National Association	Line	8/15/2014
2006 Series B	\$200,000	Bank of America	Line	4/02/2012

SOURCE: Office of the Treasurer and Receiver General.

(1) The Commonwealth will replace Helaba with JPMorgan Chase Bank effective 1/11/2012.

(2) The Commonwealth is currently negotiating with other banks to replace the existing bank on this facility.

Budgetary Contract Assistance Liabilities

City of Chelsea Commonwealth Lease Revenue Bonds. In November, 1993, the Chelsea Industrial Development Financing Authority issued approximately \$95.8 million of lease revenue bonds. The proceeds of the bonds were loaned to the Massachusetts Industrial Finance Agency (now MassDevelopment) and applied to the cost of the Massachusetts Information Technology Center, a tax and data processing facility of the Department of Revenue and certain other departments and agencies of the Commonwealth. The bonds bore interest at a variable rate, and under two interest rate swap agreements that were entered into at the time with Lehman Brothers Special Financing, Inc. (LBSF), MassDevelopment received variable rate payments with respect to the bonds and was obligated to make fixed rate payments in exchange therefor. Simultaneously with the issuance of the bonds, the Commonwealth entered into a 30-year lease, which provided for the payment of debt service on the bonds, including swap related payments, and certain other expenses associated with the project. In September, 2008, LBSF and its parent, Lehman Brothers Holdings Inc. (LBHI), filed for bankruptcy. In December, 2008, the bonds were refinanced by the Commonwealth through the issuance of general obligation debt, and the Commonwealth made a \$2.3 million payment to LBSF to terminate the swap agreements. In May, 2010, LBHI advised the Executive Office for Administration and Finance that it calculated the termination value to be approximately \$13.7 million. In June, 2011, LBHI issued a subpoena to the Executive Office for Administration and Finance relating to the termination of the swap agreements. Any obligation of the Commonwealth with respect to this termination does not constitute a general obligation or a pledge of the credit of the Commonwealth or of MassDevelopment and is subject to appropriation by the Legislature.

Authorized but Unissued Debt

<u>Fiscal Year</u>	<u>Authorized But Unissued Debt</u>
2007	8,349,391
2008	7,043,446
2009	19,517,272
2010	18,516,310
2011	15,870,432

SOURCE: Office of the Comptroller.

See the March Information Statement under the heading “LONG-TERM LIABILITIES–Authorized But Unissued Debt.”

COMMONWEALTH CAPITAL INVESTMENT PLAN

In November, 2011, the Governor released a five-year capital investment plan for fiscal 2012 through fiscal 2016, totaling over \$17.3 billion. With the release of the plan, the Governor announced that the bond cap is expected to be \$1.75 billion for fiscal 2012, plus \$148 million in unused bond cap from fiscal 2011 which has been carried forward to support spending in fiscal 2012. The bond cap for fiscal 2013 is projected to be \$1.875 billion, and is projected to increase by \$125 million in each subsequent fiscal year through fiscal 2016.

The following table shows the annual bond cap, the resulting estimated total annual debt service payment obligations and the estimated debt service as a percentage of estimated budgeted revenues, all as presented in the debt affordability analysis released in November, 2011.

	Bond Cap (in thousands)				
	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>	<u>Fiscal 2016</u>
Bond Cap (1)	\$1,898,000	\$1,875,000	\$2,000,000	\$2,125,000	\$2,250,000
Total Debt Service Obligations	2,155,501	2,362,788	2,435,106	2,516,124	2,685,599
Estimated Budgeted Revenues	32,266,808	33,117,853	34,106,820	35,125,321	36,178,258
Debt Service as % of Budgeted Revenues	6.68%	7.13%	7.14%	7.16%	7.42%

SOURCE: Executive Office for Administration and Finance, Debt Affordability Analysis, released November, 2011.

(1) Includes \$148 million of fiscal 2011 unused bond cap that has been carried forward to fiscal 2012.

In terms of funding from the U.S. government for surface transportation and transit projects, the 2005 multi-year national highway bill - Safe, Accountable, Flexible, Efficient Transportation Equity Act - A Legacy for Users (SAFETELU) -expired in 2009. Since then, the authorization for federal transportation programs (as funded by 14.1¢ of the 18.4¢ in federal gasoline taxes and 20.1¢ of the 24.4¢ in federal diesel taxes) has been extended several times, most recently on September 19, 2011 until March 31, 2012. The U. S. Congress will need to continue passing additional continuing resolutions, or perhaps several short-term measures, to keep surface transportation programs funded until such time as a new highway bill is enacted. Ideally, a new, multi-year highway reauthorization bill will be passed which will allow for multi-year contracts to be extended which is critical for large surface transportation infrastructure projects to be undertaken and completed.

The U. S. Senate and the U. S. House of Representatives are currently considering conflicting proposals for the long-term reauthorization of the program. The Senate is proposing a two-year extension at existing funding levels, which would require approximately \$12 billion in additional federal revenues, either through a revenue increase or a reallocation of budget authority from other programs. The House is proposing a six-year extension funded from existing revenue streams, which would translate into a reduction of approximately 30% in federal transportation funding.

The Commonwealth is monitoring these developments and developing contingency plans for each.

For the table in the March Information Statement captioned “Capital Investment Plan – Sources of Funds,” the forecast for federal funding was based on level funding from the prior year.

See the March Information Statement under the heading “COMMONWEALTH CAPITAL INVESTMENT PLAN.”

LEGAL MATTERS

Matters described in the March Information Statement under the heading “LEGAL MATTERS” are updated as follows:

Programs and Services

Rosie D., et al. v. The Governor, United States District Court, Western Division. MassHealth estimates that its implementation of program changes in compliance with the Remedy Order will increase its costs, including administrative costs, by approximately \$215 million annually.

Disability Law Center, Inc. v. Massachusetts Department of Correction et al., United States District Court. In December, 2011, the parties entered into a settlement agreement, which is subject to court approval. In order to implement the terms of the settlement, the Department of Corrections will need to hire additional staff at a cost of approximately \$5.6 million per year.

Finch, et al. v. Commonwealth Health Insurance Connector Authority, et al. Finch, et al. v. Commonwealth Health Insurance Connector Authority, et al. On January 5, 2012, the Supreme Judicial Court held that the Massachusetts statute limiting the eligibility of many legal immigrants for Commonwealth Care violates the equal protection provisions of the Massachusetts Constitution. This decision has significant fiscal implications for the Commonwealth, adding several tens of million dollars in costs in fiscal 2012 and more than \$150 million in annual costs in fiscal 2013. The Executive Office for Administration and Finance and the Commonwealth Health Insurance Connector Authority are working expeditiously to identify the resources required, obtain needed appropriations of funds by the Legislature, and determine and implement the operational steps that must be taken to integrate all eligible, legal immigrants into the Commonwealth Care program in accordance with the Court's decision as quickly as possible.

Connor B., ex rel. Vigurs, et al. v. Patrick, et al., United States District Court, Western Division. On September 6, 2011, the defendants moved to decertify the class on the basis of *Wal-Mart Stores, Inc. v. Dukes*, 131 S.Ct. 2541 (2011), but this motion was denied on November 10, 2011.

Massachusetts Community College Council, Inc., et al. v. Board of Higher Education, et al., Suffolk County Superior Court. In July, 2011, the complaint was amended to name additional defendants, namely the boards of trustees of several community colleges. While the case is not a class action, if the plaintiffs prevail, it is expected that the Commonwealth would likely make similarly situated persons eligible for coverage or contribution. If plaintiffs obtain rights to enroll in GIC health care coverage, those who would become eligible for enrollment in GIC health insurance coverage might also successfully argue for pension benefits in a separate, subsequent proceeding. It is not possible, at this time, to accurately estimate the costs that would be incurred if the plaintiffs prevail, but it appears that funding for any health care coverage for the individual plaintiffs as a result of this action would be from funds controlled by the board of trustees of each community college employing a plaintiff. The state law governing community colleges provides that the division of continuing education is to be run at no expense to the Commonwealth.

Medicaid Audits and Regulatory Reviews

In re: Centers for Medicare and Medicaid Services regulations (Uncompensated Care Pool/Health Safety Net Trust Fund). By the end of pool fiscal year 2012 the Commonwealth will have collected an estimated \$5.157 billion in acute hospital assessments since 1990 and an estimated \$2.037 billion in surcharge payments since 1998.

In re: Disallowance of 2005 MassHealth acute hospital supplemental payments. In February 2011, CMS sent EOHHS a Notice of Disallowance of \$25,543,963 in FFP for payments to UMMHC. EOHHS filed a Request for Reconsideration with the U.S. Department of Health and Human Services on March 31, 2011.

Boston Medical Center Corp. and Boston Medical Center Health Plan, Inc. v. Secretary of the Executive Office of Health and Human Services, Suffolk Superior Court. Plaintiffs have appealed to the Massachusetts Appeals Court, and their appellate brief was filed on September 30, 2011. Boston Medical Center's appeal and Holyoke Medical Center's appeal (see below) were consolidated. The Commonwealth's consolidated brief was filed on October 28, 2011.

Holyoke Medical Center, Inc., et al. v. Secretary of the Executive Office of Health & Human Services, Suffolk Superior Court. Plaintiffs have appealed to the Massachusetts Appeals Court, and their appellate brief was filed on September 30, 2011. Holyoke Medical Center's appeal and Boston Medical Center's appeal (see above) were consolidated. The Commonwealth's consolidated brief was filed on October 28, 2011.

Taxes

Feeney, et al. v. Dell, Inc. v. Commissioner of Revenue, Middlesex Superior Court. On November 3, 2011, the Superior Court denied Dell's renewed motion to dismiss. Subsequently, the Appeals Court granted Dell's request to consider an interlocutory appeal from that ruling; the appeal is now pending on the Appeals Court's docket.

Vodafone Americas, Inc. v. Commissioner of Revenue, Appellate Tax Board. In June, 2011, the parties entered into a broad settlement of these and other issues in this dispute, requiring the Commonwealth to issue a refund to Vodafone in the amount of approximately \$170,000.

Other Revenues

Commonwealth of Massachusetts v. Philip Morris Inc., RJ Reynolds Tobacco Company, Lorillard Tobacco Company, et al., Supreme Judicial Court, Middlesex Superior Court (a/k/a the Tobacco Master Settlement Agreement, Nonparticipating Manufacturer ("NPM") Adjustment Dispute)(2003 NPM Adjustment). On November 3, 2011, the manufacturers advised the arbitrators that Massachusetts was one of 14 states and territories whose claims of "diligence" were no longer being contested. Since the December 5, 2011 deadline for any state to challenge the claim of another state has passed, Massachusetts's claim to its allocable share of the 2003 NPM Adjustment is no longer in dispute. Massachusetts can expect to receive approximately \$30 million withheld by certain manufacturers from the payment due April 15, 2006. Due to certain reallocation provisions of the MSA and orders entered by the arbitration panel, Massachusetts cannot expect to receive this money before 2013, after resolution of the contested states' claims by the arbitration panel. Those hearings will begin in May, 2012 and are not expected to be concluded before the end of calendar year 2012.

Grand River Enterprises Six Nations, Ltd. v. William Pryor, et al., United States District Court, New York. The court has granted the states' summary judgment motion on all counts, prompting the plaintiff to file a motion for reconsideration and a notice of appeal with the United States Court of Appeals for the Second Circuit.

Sandra Murphy, et al. v. Massachusetts Turnpike Authority, Supreme Judicial Court. Plaintiffs' motion for direct appellate relief was allowed on May 25, 2011. Plaintiffs' initial brief and the Turnpike Authority's brief have both been filed with the court. Plaintiffs filed a reply brief on December 16, 2011. Oral argument has not yet been scheduled.

Carol Surprenant v. Massachusetts Turnpike Authority, Massachusetts Port Authority, and Massachusetts Department of Transportation. United States District Court. The Plaintiff has voluntarily dismissed her appeal, and a judgment of dismissal was entered on August 4, 2011.

Environment

National Association of Government Employees v. Commonwealth, Suffolk Superior Court, and *Association of County Employees v. McDonald*, Plymouth Superior Court. Although the Supreme Judicial Court's opinion in *Boston Housing Auth. v. National Conf. of Firemen & Oilers, Local 3*, held evergreen clauses to be generally invalid, the recently enacted Chapter 198 of the Acts of 2011 revived certain ones.

Other

Perini Corp., Kiewit Construction Corp., Jay Cashman, Inc. d/b/a Perino-Kiewit-Cashman Joint Venture v. Commonwealth. In several related cases and potential litigation, plaintiffs make claims for alleged increased costs arising from differing site conditions and other causes of delay on the Central Artery/Ted Williams Tunnel project. Plaintiffs have asserted claims in excess of \$160 million. These claims are at various stages of resolution, including

the Superior Court and the Central Artery Tunnel Project Dispute Review Board ("DRB") panel. The DRB has issued decisions on some of the claims, awarding plaintiffs approximately \$69.6 million on claims of approximately \$102.8 million. Those decisions are now the subject of further court proceedings. Plaintiffs also still have in excess of \$62 million in claims pending.

In May, 2011, the Massachusetts Appeals Court upheld the award of approximately \$5 million in post-award interest on two DRB awards and the Supreme Judicial Court denied the Commonwealth's request for further appellate review of that decision.

Local 589, Amalgamated Transit Union, et al. v. Commonwealth of Massachusetts, et al., Suffolk Superior Court. On April 13, 2011, the Superior Court (a) approved the voluntary filing of an amended complaint by plaintiffs that had the effect of dropping the pension claims from the case, and (b) entered summary judgment for the Commonwealth on the remaining health-insurance claims. The plaintiffs have appealed the entry of summary judgment on the health-insurance claims, and the Superior Court is in the process of assembling the appellate record.

In November, 2011, the Legislature enacted Chapter 189 of the Acts of 2011, which amends the 2009 transportation reform legislation to allow the MBTA to engage in collective bargaining over supplemental health insurance coverage that provides benefits above and beyond that provided by the Group Insurance Commission.

OPEIU, Local 6 and the Massachusetts Trial Court. In April, 2011, the Governor signed a supplemental budget containing a \$30 million appropriation to the Trial Court that will be applied toward the arbitration award. OPEIU, Local 6 has since agreed to dismiss the Superior Court action.

New Legal Matters

The matters described below commenced after the March Information Statement was published.

Disability Policy Consortium, Inc., et al v. Commonwealth of Massachusetts. United States District Court. On July 26, 2011, the Disability Policy Consortium, Inc. (DPC) and eight individuals, claiming to be "qualified individuals" within the definition of the Americans with Disabilities Act Title II (ADA) and Section 504 of the Rehabilitation Act, filed suit in federal district court alleging that MassHealth does not meet its obligations under the ADA and Section 504 of the Rehabilitation Act. Plaintiffs claim that MassHealth forms, materials and other information are not accessible to persons with visual, hearing or other developmental/cognitive disabilities and that MassHealth has failed to provide plaintiffs reasonable accommodations required under the ADA and other federal laws so that they can access services, complete forms, and access notices, bills and other materials. Plaintiffs also allege that MassHealth's violations of the ADA and the Rehabilitation Act are intentional and longstanding. Plaintiffs seek injunctive relief, money damages and reasonable attorney's fees and costs. Defendant has filed an answer and the matter is now in the discovery phase.

Administrative proceeding regarding challenge to MassHealth's payment system for acute hospital outpatient services. A total of 60 petitioners have filed claims for administrative hearings before the MassHealth Board of Hearings (BOH), challenging MassHealth's former Ambulatory Payment Group (APG) payment system for acute hospital outpatient services. The petitioners generally claim that there were errors in the payment system that resulted in incorrect payments to the petitioners, and that MassHealth's efforts to correct those errors through a "parallel system" were ineffective and continued to result in incorrect payments from October, 1997 through December, 2003. While a number of these petitioners had entered into settlements regarding payments for services provided from October, 1997 through December, 2000, the administrative appeals of all 60 petitioners involve payments for the period 2001 through 2003, and for some of those petitioners the appeals involve payments for the entire time period. Five of the 60 petitioners had filed complaints in Superior Court in 2005. The Superior Court actions were stayed in 2007 and remanded to BOH. The current BOH hearing began on November 6, 2008 and is ongoing. During the course of these proceedings, MassHealth agreed to rerun and reprice the disputed claims, the results of which may form the basis for a potential global settlement. Of the 60 petitioners that filed claims regarding incorrect payments from the former APG system, only five petitioners have proposed a specific written dollar settlement associated with those claims. The aggregate dollar settlement amount proposed by only those petitioners is approximately \$10.4 million. The dollar amount associated with the claims made by the rest of the petitioners could be significantly more.

Home Depot U.S.A., Inc. v. Commissioner of Revenue, Appellate Tax Board. On or about October 13, 2011, Home Depot USA filed a withdrawal with prejudice at the Appellate Tax Board. The Commissioner retained the entire amount at issue.

Potential suit asserting a sales/use tax abatement claim. This matter involves a tax abatement claim in the amount of \$21.8 million filed as a result of a class action suit against the taxpayer. This matter has not been filed with the Appellate Tax Board.

Potential suit asserting corporate excise/public utilities (M.G.L. c. 63) abatement claims. The taxpayer and related entities have filed amended returns/abatements seeking \$96 million. This matter has not yet been filed with the Appellate Tax Board.

Slater et al. v. Harold W. Clarke et al., United States District Court, Washington, and United States Court of Appeals for the Ninth Circuit (interlocutory appeal). Plaintiffs in this civil suit seek damages and injunctive and declaratory relief from a number of Massachusetts defendants, including current or former employees of the Department of Correction, the Commonwealth Fusion Center, the Executive Office of Public Safety and Security, and the Worcester County District Attorney's Office, in connection with the murders of Beverly and Brian Mauck, in Washington State, by Daniel Tavares, a former Massachusetts inmate. Plaintiffs allege that Massachusetts officials improperly and prematurely released Tavares from Massachusetts custody and that, after Tavares fled to Washington State, Massachusetts officials failed to extradite Tavares, knowing that he posed a danger to Washington residents.

Plaintiffs voluntarily dismissed the suit against the former Commissioner of the Department of Correction, Harold W. Clarke. The remaining defendants moved to dismiss the complaint on the grounds of lack of personal jurisdiction, absolute prosecutorial immunity, qualified immunity, and failure to state a claim upon which relief may be granted. The court dismissed the case against William Lochrie, an employee of the Department of Correction Office of Investigative Services, for lack of personal jurisdiction. The court denied the motions to dismiss of the remaining defendants with respect to personal jurisdiction and absolute immunity. The court has yet to rule on the remaining issues raised in defendants' motions to dismiss. Defendants filed a notice of interlocutory appeal to the Ninth Circuit Court of Appeals on the issues of personal jurisdiction and absolute immunity. The appeal has been docketed and remains pending.

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of general and special laws and of other documents set forth or referred to in the March Information Statement and this Supplement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

The March Information Statement and this Supplement contain certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and others.

All estimates and assumptions in the March Information Statement and this Supplement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in the March Information Statement and this Supplement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information,

The information, estimates and assumptions and expressions of opinion in the March Information Statement and this Supplement are subject to change without notice. Neither the delivery of this Supplement nor any sale made pursuant to any official statement of which the March Information Statement and this Supplement are a part shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Supplement, except as expressly stated.

CONTINUING DISCLOSURE

The Commonwealth prepares its Statutory Basis Financial Report and its Comprehensive Annual Financial Report with respect to each fiscal year ending June 30. The Statutory Basis Financial Report becomes available by October 31 of the following fiscal year and the Comprehensive Annual Financial Report becomes available in January of the following fiscal year. Copies of such reports and other financial reports of the Comptroller referenced in this document may be obtained by requesting the same in writing from the Office of the Comptroller, One Ashburton Place, Room 909, Boston, Massachusetts 02108. The financial statements are also available at the Comptroller's web site located at <http://www.mass.gov/osc> by clicking on "Financial Reports/Audits."

On behalf of the Commonwealth, the State Treasurer will provide to the Municipal Securities Rulemaking Board (MSRB), no later than 270 days after the end of each fiscal year of the Commonwealth, certain financial information and operating data relating to such fiscal year, as provided in Rule 15c2-12 of the federal Securities and Exchange Commission, together with audited financial statements of the Commonwealth for such fiscal year. To date, the Commonwealth has complied with all of its continuing disclosure undertakings relating to the general obligation debt of the Commonwealth and has not failed in the last seven years to comply with its continuing disclosure undertakings with respect to its special obligation debt and federal grant anticipation notes. However, the annual filings relating to the fiscal year ended June 30, 2001 for the Commonwealth's special obligation debt and for the Commonwealth's federal highway grant anticipation notes were filed two days late, on March 29, 2002. Proper notice of the late filings was provided on March 29, 2002 to the MSRB.

The Department of the State Auditor audits all agencies, departments and authorities of the Commonwealth at least every two years. Copies of audit reports may be obtained from the State Auditor, State House, Room 229, Boston, Massachusetts 02133.

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding the March Information Statement or this Supplement or requests for additional information concerning the Commonwealth should be directed to Colin MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, or to Scott Jordan, Assistant Secretary for Capital Finance and Intergovernmental Affairs, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to the March Information Statement or this Supplement should be directed to John R. Regier, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 348-1720.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Steven Grossman
Steven Grossman
Treasurer and Receiver-General

By /s/ Jay Gonzalez
Jay Gonzalez
Secretary of Administration and Finance

January 9, 2012

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

Upon delivery of the Refunding Bonds described below, Bond Counsel proposes to deliver an opinion in substantially the following form:



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

[Date of Delivery]

The Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

\$ _____
The Commonwealth of Massachusetts
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

Hon. Steven Grossman
[Date of Delivery]

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS WILDMAN PALMER LLP

Upon delivery of the Consolidated Bonds described below, Bond Counsel proposes to deliver an opinion in substantially the following form:



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

[Date of Delivery]

The Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

\$ _____
The Commonwealth of Massachusetts
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation:

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to become

Hon. Steven Grossman
[Date of Delivery]

included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS WILDMAN PALMER LLP

The Commonwealth of Massachusetts

\$ _____
 General Obligation Refunding Bonds
 (SIFMA Index Bonds)
 2012 Series A

\$ _____
 General Obligation Bonds
 Consolidated Loan of 2012, Series A
 (SIFMA Index Bonds)

Continuing Disclosure Undertaking
 [to be included in bond form]

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2012, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth's failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth's Information Statement dated March 15, 2011 (the "Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A, which Official Statement has been filed with EMMA, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	"COMMONWEALTH REVENUE AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures"
2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	"SELECTED FINANCIAL DATA – GAAP Basis"
3. Summary presentation on a five-year comparative basis of lottery revenues and profits	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Lottery Revenues</i> "

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Tobacco Settlement</i> "
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	"COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues"
6. Summary description of the retirement systems for which the Commonwealth is responsible, including membership and contribution rates.	"PENSION AND OPEB FUNDING – Retirement Systems" and "PENSION AND OPEB FUNDING – Employee Contributions."
7. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	"PENSION AND OPEB FUNDING – Funding Schedule."
8. Summary presentation on a five-year comparative basis of actuarial valuations of pension fund assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Actuarial Valuations."
9. Summary presentation on a five-year comparative basis of annual required pension contributions under GAAP and pension contributions made.	"PENSION AND OPEB FUNDING – Annual Required Contributions."
10. Summary presentation on a five-year comparative basis of PRIT Fund asset allocation and investment returns.	"PENSION AND OPEB FUNDING – PRIT Fund Investments."
11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Other Post-Retirement Employee Benefit Obligations (OPEB)."
12. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	"STATE WORKFORCE"
13. Five-year summary presentation of actual capital project expenditures	"COMMONWEALTH CAPITAL INVESTMENT PLAN"
14. Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – General and Special Obligation Long-Term Debt Issuance and Repayment Analysis"
15. Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – Outstanding Long Term Commonwealth Debt"
16. Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Debt Service Requirements"

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
17. Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year	"LONG-TERM LIABILITIES – General Obligation Contract Assistance Liabilities"
18. Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Budgetary Contract Assistance Liabilities"
19. Five-year summary presentation of authorized but unissued general obligation debt	"LONG-TERM LIABILITIES – Authorized But Unissued Debt"
20. So long as Commonwealth statutes impose a limit on the amount of outstanding "direct" bonds, information as to compliance therewith as of the end of the prior fiscal year	"LONG-TERM LIABILITIES – General Authority to Borrow; <i>Statutory Limit on Direct Debt</i> "
21. Summary presentation of the then-current, Commonwealth interest rate swap agreements	"LONG-TERM LIABILITIES – Interest Rate Swaps"
22. Summary presentation of the then-current, Commonwealth liquidity facilities	"LONG-TERM LIABILITIES – Liquidity Facilities"

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Commonwealth, which have been submitted to EMMA. The Commonwealth's annual financial statements for each fiscal year shall consist of (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the Massachusetts General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with generally accepted accounting principles in effect from time to time and shall be audited by a firm of certified public accountants appointed by the Commonwealth.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;^{1/}
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

^{1/}Not applicable to the Bonds, since there is no debt service reserve fund securing the Bonds.

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;^{2/}
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;^{3/}
- (xiv) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.^{4/}

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid, provided; however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this Bond

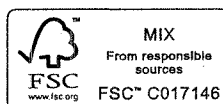
^{2/}Not applicable to the Bonds, since there is no property securing repayment of the Bonds that could be released, substituted or sold.

^{3/} As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

^{4/} Not applicable to the Bonds.

relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation establishing a state information depository or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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REFUNDING/NEW MONEY ISSUE - BOOK-ENTRY-ONLY

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.



THE COMMONWEALTH OF MASSACHUSETTS

\$171,145,000

**General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A**

\$291,705,000

**General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)**

Dated: Date of Delivery

Due: As shown on the inside cover hereof

The Bonds will be issued by means of a book-entry-only system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants. Details of payment of the Bonds are more fully described in this Official Statement.

The Bonds will bear interest from their delivery date. Interest on the Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, and will be payable on the first Business Day of each month, commencing February 1, 2012. The Bonds are subject to redemption prior to maturity as more fully described herein.

The Bonds will constitute general obligations of The Commonwealth of Massachusetts (the "Commonwealth"), and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and on expenditures for debt service, see "SECURITY FOR THE BONDS" (herein) and the Commonwealth Information Statement (described herein) under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations.*"

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the unqualified approving opinion as to legality of Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Commonwealth by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, Boston, Massachusetts. The Bonds are expected to be available for delivery at DTC in New York, New York, on or about January 24, 2012.

Citigroup

BofA Merrill Lynch

**Barclays Capital
Jefferies
Raymond James & Associates, Inc.**

**Fidelity Capital Markets
Morgan Keegan**

Morgan Stanley

**J.P. Morgan
Ramirez & Co., Inc.
Siebert Brandford Shank & Co., LLC**

January 18, 2012

THE COMMONWEALTH OF MASSACHUSETTS

\$171,145,000

**General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A**

Dated: Date of Delivery

Due: February 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u> [*] <u>(variable)</u>	<u>Price</u>	<u>CUSIP</u> <u>Number</u> ^{**}
2013	\$35,000,000	SIFMA Rate [†] minus 0.02%	100%	57582PD98
2014	35,000,000	SIFMA Rate [†] plus 0.25%	100	57582PE22
2015	35,000,000	SIFMA Rate [†] plus 0.40%	100	57582PE30
2016	66,145,000	SIFMA Rate [†] plus 0.48%	100	57582PE48

\$291,705,000

**General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)**

Dated: Date of Delivery

Due: September 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u> [*] <u>(variable)</u>	<u>Price</u>	<u>CUSIP</u> <u>Number</u> ^{**}
2012	\$65,205,000	SIFMA Rate [†] minus 0.03%	100%	57582PE55
2013	31,125,000	SIFMA Rate [†] plus 0.13%	100	57582PE63
2014	77,615,000	SIFMA Rate [†] plus 0.38%	100	57582PE71
2015	97,165,000	SIFMA Rate [†] plus 0.45%	100	57582PE89
2016	20,595,000	SIFMA Rate [†] plus 0.52%	100	57582PE97

* In no event shall the interest rate payable on the Bonds be less than 0%.

** Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Bonds and the Commonwealth does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

† See "The Bonds - Additional Information Related to SIFMA Index Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof.

No dealer, broker, salesperson or other person has been authorized by The Commonwealth of Massachusetts or the Underwriters of the Bonds to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein or included by reference herein has been furnished by the Commonwealth and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters of the Bonds or, as to information from other sources, the Commonwealth. The information and expressions of opinion herein or included by reference herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth, or its agencies, authorities or political subdivisions, since the date hereof, except as expressly set forth herein.

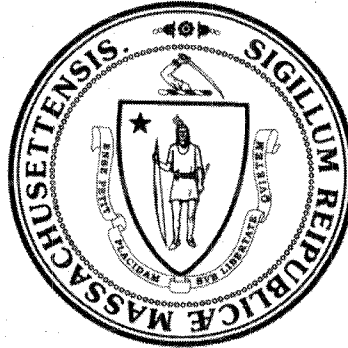
THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick..... Governor
Timothy P. Murray Lieutenant Governor
William F. Galvin Secretary of the Commonwealth
Martha Coakley..... Attorney General
Steven Grossman..... Treasurer and Receiver-General
Suzanne M. Bump Auditor

LEGISLATIVE OFFICERS

Therese Murray..... President of the Senate
Robert A. DeLeo Speaker of the House

OFFICIAL STATEMENT

THE COMMONWEALTH OF MASSACHUSETTS

\$171,145,000

**General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A**

\$291,705,000

**General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)**

INTRODUCTION

This Official Statement (including the cover page and Appendices A through C attached hereto) provides certain information in connection with the issuance by The Commonwealth of Massachusetts (the "Commonwealth") of its \$171,145,000 aggregate principal amount of its General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A (the "Refunding Bonds") and its \$291,705,000 aggregate principal amount of its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Consolidated Bonds" and together with the Refunding Bonds, the "Bonds"). The Bonds will be general obligations of the Commonwealth, and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and expenditures for debt service, see "SECURITY FOR THE BONDS" and the Commonwealth Information Statement (described below) under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations.*"

The Refunding Bonds are being issued to refund, on a current basis, certain bonds of the Commonwealth as described in "THE BONDS – PLAN OF FINANCE." A portion of the Consolidated Bonds is being issued to refund, on a current basis, certain bonds of the Commonwealth (the "Consolidated Refunding Bonds") as described in "THE BONDS – PLAN OF FINANCE" and a portion of the Consolidated Bonds is being issued to finance certain authorized capital projects of the Commonwealth (the "New Money Bonds") as described in "THE BONDS – APPLICATION OF PROCEEDS OF THE NEW MONEY BONDS."

Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through C. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document.

Specific reference is made to the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A (the "March Official Statement"). A copy of the March Official Statement has been filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. The information contained in the March Information Statement has been supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement"), which is attached hereto as Appendix A. The March Information Statement and the January Supplement are referred to herein collectively as the "Information Statement." Subsequent filings by the Commonwealth to the EMMA system, prior to the sale of the Bonds, of continuing disclosure documents identified as "other financial/operating data" are hereby deemed to be included by reference in the Information Statement. The

Information Statement contains certain fiscal, budgetary, financial and other general information concerning the Commonwealth. Exhibit A to the Information Statement contains certain economic information concerning the Commonwealth. Exhibit B to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a statutory basis. Exhibit C to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a GAAP basis. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with EMMA. Specific reference is also made to the Commonwealth's Statutory Basis Financial Report and Comprehensive Annual Financial Report for the year ended June 30, 2011, copies of which have been filed with EMMA. The financial statements are also available at the website of the Comptroller of the Commonwealth.

Appendix B attached hereto contains the proposed forms of legal opinions of Bond Counsel with respect to the Bonds. Appendix C attached hereto contains the proposed form of the Commonwealth's continuing disclosure undertaking to be included in the form of the Bonds to facilitate compliance by the Underwriters of the Bonds with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General

The Bonds will bear interest from their date of delivery at the Adjusted SIFMA Rate (defined below) payable on each Interest Payment Date until maturity or earlier redemption, all as described below under "Additional Information Related to SIFMA Index Bonds." The Refunding Bonds will mature on February 1 of the years and in the amounts set forth on the inside cover hereof. The Consolidated Bonds will mature on September 1 of the years and in the amounts set forth on the inside cover hereof. Interest on the Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, and will be payable on the first Business Day of each month, commencing February 1, 2012 (each such date, an "Interest Payment Date") to the registered owner as of the record date. The record date for the Bonds will be the 15th day of the month immediately preceding the Interest Payment Date. The Commonwealth will act as its own paying agent and Calculation Agent with respect to the Bonds. The Commonwealth reserves the right to appoint from time to time a paying agent or agents, Calculation Agent or bond registrar for the Bonds.

Book-Entry-Only System. The Bonds will be issued by means of a book-entry-only system, with one bond certificate for each maturity of each series immobilized at The Depository Trust Company, New York, New York ("DTC"). The certificates will not be available for distribution to the public and will evidence ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof. Transfers of ownership will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Interest and principal due on the Bonds will be paid in federal funds to DTC or its nominee as registered owner of the Bonds. As long as the book-entry-only system remains in effect, DTC or its nominee will be recognized as the owner of the Bonds for all purposes, including notices and voting. The Commonwealth will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM."

Additional Information Related to SIFMA Index Bonds

Interest Rates. The Refunding Bonds will bear interest at the Adjusted SIFMA Rate, which is the SIFMA Rate (defined below), plus or minus a certain spread for each maturity, but in no event shall the interest rate be less than 0% (the "Adjusted SIFMA Rate"). The Adjusted SIFMA Rate for each maturity of the Refunding Bonds is as follows:

<u>Maturity</u> <u>February 1</u>	<u>Interest</u> <u>Rate</u>
2013	SIFMA Rate minus 0.02% (2 basis points)
2014	SIFMA Rate plus 0.25% (25 basis points)
2015	SIFMA Rate plus 0.40% (40 basis points)
2016	SIFMA Rate plus 0.48% (48 basis points)

The Consolidated Bonds will bear interest at the Adjusted SIFMA Rate. The Adjusted SIFMA Rate for each maturity of the Consolidated Bonds is as follows:

<u>Maturity</u> <u>September 1</u>	<u>Interest</u> <u>Rate</u>
2012	SIFMA Rate minus 0.03% (3 basis points)
2013	SIFMA Rate plus 0.13% (13 basis points)
2014	SIFMA Rate plus 0.38% (38 basis points)
2015	SIFMA Rate plus 0.45% (45 basis points)
2016	SIFMA Rate plus 0.52% (52 basis points)

The "SIFMA Rate" means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association ("SIFMA") and is issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day (defined below), the next succeeding U.S. Government Securities Business Day. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date (defined below) or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the original underwriters of the Bonds, determines most closely approximates the SIFMA index.

A "Business Day" means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

A "U.S. Government Securities Business Day" means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close. The Commonwealth is acting as the initial Calculation Agent with respect to the Bonds.

Interest Rate Determination.

The "Adjustment Date" shall be Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

Except for the initial Adjusted SIFMA Rate, the Adjusted SIFMA Rate will be determined by the Calculation Agent; provided, however the Adjusted SIFMA Rate shall not exceed 12% per annum. The Adjusted SIFMA Rate shall adjust on each Adjustment Date, based upon the SIFMA Rate published for such week, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Upon determining the Adjusted SIFMA Rate for a given week, the Calculation Agent (if the Calculation Agent is not then the Commonwealth itself) shall notify the Commonwealth of such rate by electronic mail (e-mail) or by telephone or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 P.M. Boston time on the Adjustment Date. Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commonwealth and the Owners of the Bonds. If for any reason the Adjusted SIFMA Rate shall not be established, the Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms of the Bonds.

The Bonds shall bear interest from and including their date of delivery at the Adjusted SIFMA Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions thereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date.

Redemption

Optional Redemption. The Refunding Bonds maturing on February 1, 2013 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2012 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Refunding Bonds maturing on February 1, 2014 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2013 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Refunding Bonds maturing on February 1, 2015 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2014 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Refunding Bonds maturing on February 1, 2016 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2015 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2012 are not subject to redemption prior to maturity.

The Consolidated Bonds maturing on September 1, 2013 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2013 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2014 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2014 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2015 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2015 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2016 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2016 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

Notice of Redemption. The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC. Any failure on the part of DTC, any DTC participant or any nominee of a beneficial owner of any such Bond (having received notice from a DTC participant or otherwise) to notify the beneficial owner so affected, shall not affect the validity of the redemption.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer and Receiver-General delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds called for redemption shall become due and payable on the redemption date, and from and after such date, such Bonds shall cease to bear interest.

Selection for Redemption. Any Bonds subject to optional redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the Commonwealth. If less than all the Bonds of a maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot (provided that so long as the Bonds shall remain immobilized at DTC, such Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a Bond will be considered a separate Bond.

Plan of Finance

The Refunding Bonds are being issued pursuant to the provisions of Section 53A of Chapter 29 of the Massachusetts General Laws for the purpose of currently refunding a portion of the Commonwealth's (i) General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 Bonds") and (ii) General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A (the "2011 Bonds," and together with the 2010 Bonds, the "SIFMA Refunded Bonds"). Principal of the SIFMA Refunded Bonds will be paid on February 1, 2012 from the proceeds of the Refunding Bonds.

The issuance of the Refunding Bonds is part of a refinancing plan commenced in March, 2010. At that time, the 2010 Bonds were issued to achieve a current refunding of the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005 Bonds"). The 2005 Bonds had been originally issued in 2005 as a single maturity due on February 1, 2028, with mandatory sinking fund installments due each year to amortize the 2005 Bonds. In connection with the original issuance of the 2005 Bonds, the State Treasurer had also entered into a series of interest rate swap agreements (the "2005 Swap Contracts"). (See the Commonwealth Information Statement under the heading "Long-Term Liabilities – Interest Rate Swaps.") The 2005 Swap Contracts had an initial aggregate notional amount which equaled the original principal amount of the 2005 Bonds. The aggregate notional amount of the Swap Contracts declines annually each February 1 to match the original annual amortization of the 2005 Bonds. The Commonwealth has maintained the 2005 Swap Contracts in place following the refunding of the 2005 Bonds in 2010 to serve as a hedge with respect to the 2010 Bonds and refunding bonds to be issued thereafter (including the Refunding Bonds).

In February 2011, the Commonwealth issued the 2011 Bonds to refund, on a current basis, bond anticipation notes issued under the Commonwealth's Commercial Paper Program (the "Notes"). The Notes were issued to refund, on a current basis, a portion of the 2010 Bonds.

The Refunding Bonds mature as shown on the inside cover hereof. The Commonwealth currently intends to refinance a portion of the Refunding Bonds and the remaining 2011 Bonds and 2010 Bonds as they mature or are redeemed prior to maturity, with the issuance of additional refunding bonds (the "Additional 2005 Swap Bonds"), so that the amortization of the Refunding Bonds, the remaining 2011 Bonds, 2010 Bonds and Additional 2005 Swap Bonds will, in the aggregate, match the original, scheduled amortization of the 2005 Bonds. It is also expected that the aggregate outstanding principal amount of the Refunding Bonds, the remaining 2011 Bonds, 2010 Bonds and any Additional 2005 Swap Bonds at any time will be at least equal to the then aggregate outstanding notional amount of the 2005 Swap Contracts, although the Commonwealth may elect to terminate all or any portion of the 2005 Swap Contracts earlier than planned if market conditions are favorable. In such event, an allocable portion of the Refunding Bonds, remaining 2011 Bonds, 2010 Bonds or Additional 2005 Swap Bonds would be unhedged. The actual amount of Refunding Bonds, remaining 2011

Bonds, 2010 Bonds and Additional 2005 Swap Bonds outstanding at any time will likely be greater in order to account for certain financing costs included in each issue of refunding bonds. Set forth below is the expected aggregate notional amount of the 2005 Swap Contracts during this period.

<u>Date</u>	<u>Aggregate Notional Amount of 2005 Swap Contracts Expected to be Outstanding</u>
February 1, 2012	\$528,205,000
February 1, 2013	523,745,000
February 1, 2014	513,680,000
February 1, 2015	508,915,000
February 1, 2016	475,000,000
February 1, 2017	438,490,000
February 1, 2018	433,855,000
February 1, 2019	429,040,000
February 1, 2020	382,720,000
February 1, 2021	333,345,000
February 1, 2022	281,725,000
February 1, 2023	214,840,000
February 1, 2024	158,540,000
February 1, 2025	98,955,000
February 1, 2026	96,295,000
February 1, 2027	930,000
February 1, 2028†	--

† Original stated maturity of the 2005 Bonds.

The Consolidated Refunding Bonds are being issued pursuant to the provisions of Section 53A of Chapter 29 of the Massachusetts General Laws for the purpose of currently refunding the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A (the "1998A Bonds"). The proceeds of the Consolidated Refunding Bonds, plus available funds of the Commonwealth will be used to pay the principal of and accrued interest due on the 1998A Bonds on or about February 8, 2012.

The 1998A Bonds were originally issued in 1998 as a single maturity due on September 1, 2016 with mandatory sinking fund installments due each year to amortize the 1998A Bonds. In connection with the original issuance of the 1998A Bonds, the State Treasurer also entered into two interest rate swap agreements (the "1998 Swap Contracts"). (See the Commonwealth Information Statement under the heading "Long-Term Liabilities - Interest Rate Swaps.") The portion of the 1998 Swap Contracts that was allocated to the 1998A Bonds had an initial aggregate notional amount of \$249,760,000, which equaled the original principal amount of the 1998A Bonds. The aggregate notional amount of the 1998 Swap Contracts allocated to the 1998A Bonds declines annually each September 1 to match the original annual amortization of the 1998A Bonds. The current outstanding principal amount of the 1998A Bonds and the aggregate notional amount of the 1998 Swap Contracts allocated to the 1998A Bonds are equal to \$191,195,000. The Commonwealth currently intends to have the 1998 Swap Contracts remain in effect following the issuance of the Bonds in order to serve as a hedge with respect to the Consolidated Refunding Bonds, other than with respect to a portion thereof relating to financing costs of the Consolidated Refunding Bonds. Set forth below is the expected aggregate notional amount of the portion of the 1998 Swap Contracts allocated to the Consolidated Refunding Bonds.

Aggregate Notional Amount of 1998 Swap Contracts Allocated to Consolidated Refunding Bonds <u>Expected to be Outstanding</u>	
<u>Date</u>	
September 1, 2012	\$191,195,000
September 1, 2013	150,990,000
September 1, 2014	119,865,000
September 1, 2015	67,250,000
September 1, 2016	20,085,000

The intended refinancing plan of the Commonwealth as stated herein is preliminary and subject to change.

Application of Proceeds of the New Money Bonds

The New Money Bonds are being issued pursuant to the provisions of Section 49 of Chapter 29 of the Massachusetts General Laws and specific bond authorizations enacted by the Legislature. The net proceeds of the sale of the New Money Bonds, including any premium received by the Commonwealth upon original delivery of the New Money Bonds, will be applied by the Treasurer and Receiver-General of the Commonwealth to the various purposes for which the issuance of bonds has been authorized pursuant to such special laws, or to reimburse the Commonwealth's treasury for expenditures previously made pursuant to such laws. Any remaining premium received by the Commonwealth upon original delivery of the New Money Bonds and not applied to the various purposes for which bonds have been authorized will be applied to the costs of issuance thereof.

The purposes for which the New Money Bonds will be issued have been authorized by the Legislature under various bond authorizations. The proceeds will be used to finance or reimburse the Commonwealth for a variety of capital expenditures that are included within the current capital spending plan established by the Executive Office for Administration and Finance. The plan, which is an administrative guideline and is subject to amendment at any time, sets forth capital spending allocations and establishes annual capital spending limits. See the Commonwealth Information Statement under the heading "COMMONWEALTH CAPITAL INVESTMENT PLAN."

SECURITY FOR THE BONDS

The Bonds will be general obligations of the Commonwealth to which its full faith and credit will be pledged for the payment of principal and interest when due. However, it should be noted that Chapter 62F of the Massachusetts General Laws imposes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit. It should be noted further that Section 60B of Chapter 29 of the Massachusetts General Laws imposes an annual limitation on the percentage of total appropriations that may be expended for payment of interest and principal on general obligation debt of the Commonwealth. These statutes are both subject to amendment or repeal by the Legislature. Currently, both actual tax revenue growth and annual general obligation debt service are below the statutory limits. See the Commonwealth Information Statement under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations*."

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the Bonds, and all claims with respect thereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires a legislative appropriation. Enforcement of a claim for payment of principal of or interest on

the Bonds may also be subject to the provisions of federal or state statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as the same may be constitutionally applied. The United States Bankruptcy Code is not applicable to the Commonwealth. Under Massachusetts law, the Bonds have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code. The Bonds are not subject to acceleration.

LITIGATION

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the Commonwealth seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds.

There are pending in courts within the Commonwealth various suits in which the Commonwealth is a defendant. In the opinion of the Attorney General, no litigation is pending or, to her knowledge, threatened which is likely to result, either individually or in the aggregate, in final judgments against the Commonwealth that would affect materially its financial condition. For a description of certain litigation affecting the Commonwealth, see the Commonwealth Information Statement under the heading "LEGAL MATTERS."

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of each series set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commonwealth as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

THE COMMONWEALTH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR BY ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT OF OR THE PROVIDING OF NOTICE TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OR WITH RESPECT TO ANY OTHER ACTION TAKEN BY DTC AS BOND OWNER.

The principal of and interest and premium, if any, on the Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, as registered owner of the Bonds. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commonwealth, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Commonwealth, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commonwealth, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Commonwealth cannot give any assurances that Direct Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this document.

Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of such Bonds and will not be or be considered to be the registered owners thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the holders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds, except as otherwise expressly provided herein.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commonwealth. Under such circumstances, in the event that a successor depository is not obtained, Bonds will be delivered and registered as designated by the Beneficial Owners. The Beneficial Owner, upon registration of Bonds held in the Beneficial Owner's name, will become the Bondowner. Bond certificates are required to be printed and delivered.

The Commonwealth may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In such event, Bond certificates will be printed, delivered and registered as designated by the Beneficial Owners.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMONWEALTH BELIEVES TO BE RELIABLE, BUT THE COMMONWEALTH TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

RATINGS

The Bonds have been assigned long-term ratings of "AA+," "Aa1" and "AA+" by Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("Standard & Poor's"), respectively.

Such ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Bonds.

UNDERWRITING

The Underwriters, represented by Citigroup Global Markets Inc., have agreed, subject to certain conditions, to purchase all of the Bonds from the Commonwealth at a discount from the initial offering prices of the Bonds equal to approximately 0.2651342% of the aggregate principal amount of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The principal offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters.

The following language has been provided by the Underwriters named therein. The Commonwealth takes no responsibility as to the accuracy or completeness thereof.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each an Underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

TAX EXEMPTION

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel to the Commonwealth ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Commonwealth has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Holders of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond

premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a holder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such holder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a holder's federal or state tax liability. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the holder or the holder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and holders of the Bonds should consult with their own tax advisors with respect to such consequences.

OPINION OF COUNSEL

The unqualified approving opinions as to the legality of the Bonds will be rendered by Edwards Wildman Palmer LLP, of Boston, Massachusetts, Bond Counsel to the Commonwealth. The proposed forms of the opinions of Bond Counsel relating to the Bonds are attached hereto as Appendix B. Certain legal matters will also be passed upon by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. of Boston, Massachusetts, as Disclosure Counsel to the Commonwealth. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, of Boston, Massachusetts.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12, the Commonwealth will undertake in the Bonds to provide annual reports and notices of certain events. A description of this undertaking is set forth in Appendix C attached hereto.

For information concerning the availability of certain other financial information from the Commonwealth, see the Commonwealth Information Statement under the heading "CONTINUING DISCLOSURE."

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of all general and special laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, including, in particular, the current unprecedented adverse global financial market and economic conditions, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and others.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

The Commonwealth has prepared the prospective financial information set forth in this Official Statement in connection with its budgeting and appropriations processes. This prospective financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Commonwealth, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best knowledge and belief of the offices of the Commonwealth identified in this Official Statement as the sources of such information, the currently expected course of action and the currently expected future budgeted revenues and expenditures of the Commonwealth. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

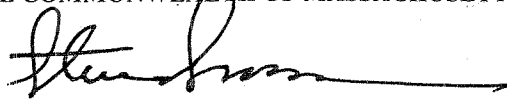
Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Official Statement, except as expressly stated.

AVAILABILITY OF OTHER INFORMATION

Questions regarding this Official Statement or requests for additional financial information concerning the Commonwealth should be directed to Colin A. MacNaught, Assistant Treasurer, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, x. 226, or Scott A. Jordan, Assistant Secretary for Capital Finance and Intergovernmental Affairs, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to this Official Statement and the Bonds should be directed to Walter J. St. Onge, III, Edwards Wildman Palmer LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, telephone (617) 239-0389.

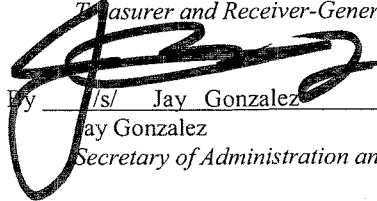
THE COMMONWEALTH OF MASSACHUSETTS



By /s/ Steven Grossman

Steven Grossman

Treasurer and Receiver-General



By /s/ Jay Gonzalez

Jay Gonzalez

Secretary of Administration and Finance

January 18, 2012



SUPPLEMENT DATED JANUARY 13, 2012
TO
THE COMMONWEALTH OF MASSACHUSETTS
INFORMATION STATEMENT SUPPLEMENT
DATED JANUARY 9, 2012

The Commonwealth's Information Statement Supplement dated January 9, 2012 (the "January 9 Supplement") is hereby supplemented by striking out the first paragraph under the section captioned "RECENT DEVELOPMENTS – Fiscal 2013 Budget Proposals" and inserting in place thereof the following paragraph:

"On January 12, 2012, a fiscal 2013 consensus tax revenue estimate of \$21.950 billion was agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means. Agreement was also announced with respect to pension funding in fiscal 2013 of \$1.552 billion. The Governor is expected to file his budget recommendations for fiscal 2013 with the Legislature on January 25, 2012. The Governor's recommended budget will be based on the consensus tax revenue estimate and is expected to be a balanced budget proposal. The Governor's budget recommendations are expected to include limited new revenue proposals and some withdrawal of moneys from the Stabilization Fund."

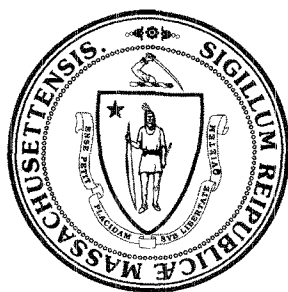
The January 9 Supplement is hereby further supplemented by striking out the third paragraph under the section captioned "COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting" and inserting in place thereof the following paragraph:

"On January 12, 2012, a fiscal 2013 consensus tax revenue estimate of \$21.950 billion was agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means. The fiscal 2013 consensus tax revenue estimate of \$21.950 billion represents revenue growth of 4.5% actual and 5.4% baseline from the revised fiscal 2012 estimate of \$21.010 billion."

THE COMMONWEALTH OF MASSACHUSETTS

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**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

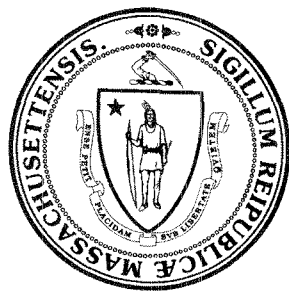
Dated January 9, 2012

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. Murray Lieutenant Governor
William F. Galvin Secretary of the Commonwealth
Martha Coakley..... Attorney General
Steven Grossman..... Treasurer and Receiver-General
Suzanne M. Bump Auditor

LEGISLATIVE OFFICERS

Therese Murray.....President of the Senate
Robert A. DeLeo.....Speaker of the House

THE COMMONWEALTH OF MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

January 9, 2012

This supplement ("Supplement") to the Information Statement of The Commonwealth of Massachusetts (the "Commonwealth") dated March 15, 2011 (the "March Information Statement") is dated January 9, 2012 and contains information which updates the information contained in the March Information Statement. The March Information Statement has been filed with the Municipal Securities Rulemaking Board. This Supplement and the March Information Statement must be read collectively and in their entirety in order to obtain the appropriate fiscal, financial and economic information concerning the Commonwealth through January 9, 2012. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the March Information Statement.

The March Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information, which sets forth certain economic, demographic and statistical information concerning the Commonwealth. Exhibits B and C are, respectively, the Commonwealth's Statutory Basis Financial Report for the year ended June 30, 2010 and the Commonwealth's Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2010. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with the Municipal Securities Rulemaking Board. Specific reference is also made to the Commonwealth's Statutory Basis Financial Report and Comprehensive Annual Financial Report for the year ended June 30, 2011, copies of which have been filed with the Municipal Securities Rulemaking Board. The Commonwealth's independent auditor has not been engaged to perform, and has not performed, since the respective dates of its reports included herein, any procedures on the financial statements addressed in such reports, nor has said independent auditor performed any procedures relating to the official statement of which this Supplement is a part. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at <http://www.mass.gov/osc> by clicking on "Publications and Reports" and then "Financial Reports."

RECENT DEVELOPMENTS

Fiscal 2011

Through June 30, 2011, the end of fiscal 2011, the Governor had approved fiscal 2011 supplemental appropriations legislation totaling \$1.511 billion. After accounting for offsetting revenues (primarily federal Medicaid reimbursements), the net value of the spending is \$661.3 million. The fiscal 2011 supplemental funding amount is somewhat larger than is typical, because it includes the expenditure of a significant amount of enhanced FMAP funds that were made available by the federal government after the Governor approved the original fiscal 2011 budget. Most of the supplemental funding was necessary to support state safety net programs and services affected by increased caseloads and utilization as a result of the economic downturn, such as the MassHealth program and the emergency family shelters program at the Department of Housing and Community Development. This supplemental funding also included \$42 million for costs associated with providing legal representation to indigent persons in criminal and civil court cases and \$21.1 million for increased caseloads at the Department of Transitional Assistance. There were also other unanticipated costs, such as increased funding for snow and ice removal, that required supplemental funding.

On October 27, 2011, the Governor approved the final fiscal 2011 supplemental appropriations bill. (The final supplemental appropriations bill for a particular fiscal year is customarily enacted and approved in the third or fourth month of the ensuing fiscal year.) The bill provides for the deposit of \$350 million of fiscal 2011 year-end surplus resources into the Stabilization Fund. In addition to the Stabilization Fund deposit, the bill provides \$132.1 million in additional fiscal 2011 appropriations and authorizes a further \$22 million in already-authorized fiscal 2011 funding to be made available in fiscal 2012. Highlights of the supplemental funding include \$39 million of fiscal 2011 surplus funds to support infrastructure projects across the state, \$10 million for cities and towns affected by the June 1, 2011 tornado for costs not reimbursed through the Federal Emergency Management Agency,

\$6.2 million to reimburse cities and towns for a portion of the costs incurred in responding to the December, 2008 ice storm, \$12 million for judicial operations, \$11.2 million for children's clothing allowances under foster care and Transitional Aid for Families with Dependent Children and \$9.5 million to fund a portion of the state's costs of the Low-Income Housing Tax Credit. The legislation authorizes \$36.8 million in expenditures (\$35.2 million after accounting for offsetting revenues) from fiscal 2012 resources, which have been included in the updated forecasts for fiscal 2012 prepared by the Executive Office for Administration and Finance.

On November 2, 2011, the Comptroller issued the fiscal 2011 Statutory Basis Financial Report (SBFR), which closes the books on fiscal 2011 and incorporates the impact of the fiscal 2011 final supplemental appropriations bill approved by the Governor on October 27, 2011. As reported in the SBFR, fiscal 2011 budgeted fund total revenues and other financing sources exceeded fiscal 2011 budgeted fund total expenditures and other uses by \$998 million, and fiscal 2011 ended with a budgeted fund balance of \$1.901 billion. Of that amount, \$1.379 billion was reserved in the Stabilization Fund, \$400 million was reserved for continuing appropriations and debt service and \$122 million was undesignated.

The Stabilization Fund balance of \$1.379 billion at the end of fiscal 2011 represents a \$709 million increase from the close of fiscal 2010. The \$709 million increase in fiscal 2011 resulted from \$9.0 million in Stabilization Fund investment earnings, \$1.6 million in statutorily required deposits on account of withholding taxes on certain Lottery winnings, a \$350 million deposit authorized in the fiscal 2011 final supplemental appropriations bill, and statutorily required deposits from the fiscal 2011 consolidated net surplus of \$103.9 million (equal to 0.5% of fiscal 2011 tax revenues) and \$244.8 million (from the remaining consolidated net surplus).

The fiscal year 2011 Comprehensive Annual Financial Report (CAFR) was released by the Comptroller, dated January 3, 2012. The CAFR provides the Commonwealth's fiscal year 2011 results according to Generally Accepted Accounting principles.

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 – Fiscal 2011."

Fiscal 2012

The House of Representatives approved its version of the fiscal 2012 budget on April 28, 2011, the Senate approved its version on May 26, 2011, and a legislative conference committee released its report on June 30, 2011. The budget was enacted by the Legislature on July 1, 2011 and approved by the Governor on July 11, 2011. A \$1.250 billion interim budget for the first ten days of fiscal 2012 had been enacted by the Legislature and approved by the Governor on June 27, 2011. Total spending in the final fiscal 2012 budget approved by the Governor amounts to approximately \$30.598 billion. The budget assumes tax revenues of \$20.615 billion, reflecting the fiscal 2012 consensus tax estimate of \$20.525 billion, which was adjusted for the impact of revenue initiatives enacted as part of the budget (most notably a one-year delay of the FAS 109 deductions (additional \$45.9 million)), enhanced tax enforcement initiatives (additional \$61.5 million) and the impact of a two-day sales tax holiday held on August 13-14, 2011 (reduction of \$20.6 million). The fiscal 2012 budget authorizes a \$200 million withdrawal from the Stabilization Fund, the use of fiscal 2012 interest earnings on the Stabilization Fund and an additional \$103.7 million in savings achieved by suspending the statutorily required deposit into the Stabilization Fund of 0.5% of total tax revenue. The fiscal 2012 budget projections contained in this Supplement assume a transfer of \$185 million from the Stabilization Fund rather than the authorized \$200 million. On that assumption, and after taking into account the \$163.2 million certified by the Attorney General and the Commissioner of Revenue for transfer to the Stabilization Fund through December related to one-time settlements (see below) as well as the \$20 million withdrawal from the Fund called for in the recently passed gaming legislation to support start-up costs of the Massachusetts Gaming Commission, the Stabilization Fund is projected to have a \$1.337 billion balance at the end of fiscal 2012. The gaming legislation provides that upon receipt by the Massachusetts Gaming Commission of sufficient initial license fees, the Commission will transfer \$20 million back to the Stabilization Fund.

On October 17, 2011, the Secretary of Administration and Finance, based on available data on tax revenue collections and economic trends, revised the fiscal 2012 tax revenue estimate from \$20.615 billion to \$21.010 billion. A portion of the increase in the tax revenue estimate is proposed to be used to support supplemental appropriations filed by the Governor on October 17, 2011, as described below, and the balance is proposed to be preserved to address non-tax revenue shortfalls and other cost exposures that may occur later in the fiscal year. To

address non-tax revenue shortfalls that have already occurred in fiscal 2012, the Secretary also revised the aggregate fiscal 2012 non-tax revenue projection downward by \$26 million from the level assumed in the enacted fiscal 2012 budget. The revised tax estimate assumes that the income tax rate will be reduced to 5.25%, effective January 1, 2012. See "COMMONWEALTH REVENUE AND EXPENDITURES – State Taxes; *Income Tax*."

On November 11, 2011 the Governor approved supplemental budget legislation containing approximately \$52 million in supplemental appropriations, including \$21 million for the Department of Housing and Community Development's emergency assistance (EA) program, which provides shelter and other emergency housing services to low-income families with children and pregnant women who are homeless, \$18.2 million for the Department of Housing and Community Development's HomeBase program and \$10 million for a reserve to offset fiscal 2012 costs of state agencies incurred in response to the August Tropical Storm Irene.

Pursuant to a recent change in state finance law, \$163.2 million received by the Commonwealth on account of one-time judgments and settlements thus far in fiscal 2012 has been certified by the Attorney General and the Commissioner of Revenue for transfer to the Stabilization Fund. See "COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Settlements and Judgments*."

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 –Fiscal 2012 Budget Proposals."

Fiscal 2013 Budget Proposals

A fiscal 2013 consensus tax revenue estimate is expected to be announced by the Secretary of Administration and Finance on or about January 17, 2012. The Governor is expected to file his budget recommendations for fiscal 2013 with the Legislature on or about January 25, 2012. The Governor's recommended budget will be based on the consensus tax revenue estimate and is expected to be a balanced budget proposal.

The House of Representatives generally approves its version of the budget in late April, and the Senate generally approves its version in late May. The differences between the two versions are then reconciled by a legislative conference committee during the month of June, so that a final version can be enacted by the Legislature and sent to the Governor for his approval prior to the start of the new fiscal year on July 1.

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COMMONWEALTH REVENUES AND EXPENDITURES

Statutory Basis Distribution of Budgetary Revenues and Expenditures

The following table sets forth the Commonwealth's revenues and expenditures for fiscal 2007 through fiscal 2011 and projected revenues and expenditures for fiscal 2012.

Budgeted Operating Funds – Statutory Basis (in millions)(1)

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Projected Fiscal 2012(8)</u>
<u>Beginning Fund Balances</u>						
Reserved or Designated	\$947.20	\$351.30	\$171.50	\$68.90	\$122.0	\$400.1
Bay State Competitiveness Investment Fund	-	100	-	-	-	-
Stabilization Fund	2,154.70	2,335.00	2,119.20	841.3	669.8	1,379.1
Undesignated	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>
Total	<u>\$3,208.10</u>	<u>\$2,901.00</u>	<u>\$2,405.80</u>	<u>\$1,016.60</u>	<u>\$903.1</u>	<u>\$1,900.8</u>
<u>Revenues and Other Sources</u>						
Alcoholic Beverages	71	71.2	71.9	71	72.7	75.3
Banks	340.9	547.8	242.6	234.9	(11.0)	11
Cigarettes	438.1	436.9	456.8	456.2	453.6	447.6
Corporations	1,587.60	1,512.20	1,548.60	1,600.30	1,951.4	1,838.9
Deeds	194.1	153.9	105.5	137.9	140.2	126.2
Income	11,399.60	12,483.80	10,583.70	10,110.30	11,576.0	12,102.6
Inheritance and Estate	249.6	254	259.7	221.4	309.6	256.9
Insurance	418.6	417.7	356.7	330	340.3	360.2
Motor Fuel	676.1	672.2	654	654.6	660.8	656.4
Public Utilities	178.3	120.2	(1.7)	(0.3)	(8.8)	7.1
Room Occupancy	111.1	119.2	109.5	101.6	110.4	115.1
Sales:						
Regular	2,927.70	2,952.20	2,799.70	3,282.80	3,476.3	3,513.3
Meals	608.7	632.9	629.6	759.6	813.3	844.3
Motor Vehicles	<u>531.1</u>	<u>501.6</u>	<u>439.3</u>	<u>569.3</u>	<u>615.2</u>	<u>638.3</u>
Sub-Total-Sales	4,067.50	4,086.70	3,868.60	4,611.70	4,904.8	4,995.9
Miscellaneous	<u>3.8</u>	<u>3.1</u>	<u>3.3</u>	<u>14.1</u>	<u>16.6</u>	<u>16.7</u>
Total Tax Revenues	<u>\$19,736.30</u>	<u>\$20,879.20</u>	<u>\$18,259.50</u>	<u>\$18,543.70</u>	<u>\$20,516.6</u>	<u>\$21,010.0</u>
MBTA Transfer	(734)	(756)	(767.1)	(767.1)	(767.1)	(779.1)
MSBA Transfer	<u>(557.4)</u>	<u>(634.7)</u>	<u>(702.3)</u>	<u>(605.2)</u>	<u>(654.6)</u>	<u>(664.3)</u>
WTF Transfer(2)	-	-	-	-	-	(19.2)
Total Budgeted Operating Tax Revenues	<u>\$18,444.90</u>	<u>\$19,488.50</u>	<u>\$16,790.00</u>	<u>\$17,171.40</u>	<u>\$19,094.9</u>	<u>\$19,547.4</u>
Federal Reimbursements	6,167.60	6,429.50	8,250.90	8,548.80	9,299.5	7,739.4
Departmental and Other Revenues	2,218.40	2,355.90	2,326.20	2,800.90	2,912.3	3,062.5
Inter-fund Transfers from Non-budgeted Funds and other sources (3)	<u>1,785.00</u>	<u>2,039.30</u>	<u>1,850.30</u>	<u>1,788.80</u>	<u>1,768.6</u>	<u>1,930.9</u>
Budgeted Revenues and Other Sources	<u>\$28,615.90</u>	<u>\$30,313.20</u>	<u>\$29,217.40</u>	<u>\$30,310.00</u>	<u>\$33,075.3</u>	<u>\$32,280.2</u>
Inter-fund Transfers	<u>552.9</u>	<u>2,226.30</u>	<u>1,963.80</u>	<u>770.8</u>	<u>3,460.9</u>	<u>822.0</u>
Total Budgeted Revenues and Other Sources	<u>\$29,168.80</u>	<u>\$32,539.50</u>	<u>\$31,181.20</u>	<u>\$31,080.80</u>	<u>\$36,536.3</u>	<u>\$33,102.2</u>
<u>Expenditures and Uses</u>						
Direct Local Aid	4,805.20	5,040.50	4,723.60	4,837.40	4,784.7	4,881.1
Medicaid (4)	7,550.40	8,246.30	8,679.20	9,287.60	10,237.3	10,432.6
Other Health and Human Services	4,625.30	4,796.50	4,828.30	4,616.60	4,614.8	4,774.0
Group Insurance	1,022.30	852.5	973.1	1,063.80	1,130.3	1,209.7

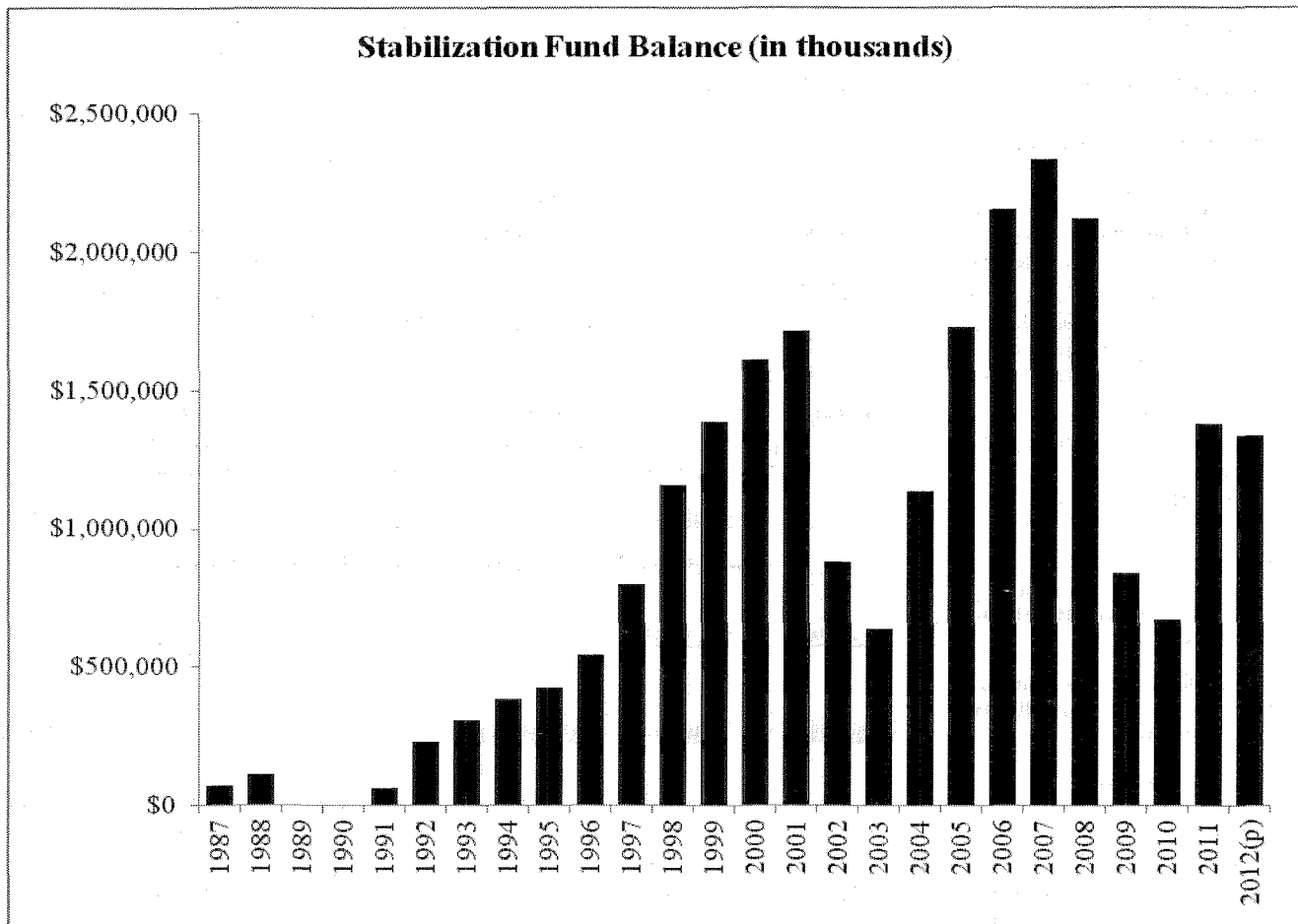
	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Projected Fiscal 2012(8)</u>
Department of Elementary and Secondary Education	459	485.8	495.9	358.1	349.4	507.7
Higher Education	1,115.70	1,084.40	1,035.50	845.6	943.0	924.5
Department of Early Education and Care	507.1	549.9	560.3	513.5	515.1	509.4
Public Safety	1,399.20	1,544.40	1,514.30	1,423.20	905.0	1,449.0
Energy and Environmental Affairs	238.5	227.1	215.9	202.2	185.6	194.1
Debt Service	2,234.40	1,990.10	2,011.70	1,979.90	1,663.9	2,267.0
Post Employment Benefits (5)	1,335.20	1,398.60	1,314.40	1,748.60	1,838.9	1,892.3
Other Program Expenditures	<u>2,364.90</u>	<u>2,414.10</u>	<u>2,350.90</u>	<u>2,509.00</u>	<u>2,850.4</u>	<u>2,145.0</u>
Total - Programs and Services before transfers to Non-budgeted funds	\$27,657.20	\$28,630.20	\$28,703.10	\$29,384.50	\$30,018.6	\$31,187.4
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund	722.1	1,045.90	987.6	631.7	739.0	728.0
State Retiree Benefit Trust Fund (5)	-	\$354.70	\$352.00	-	-	-
Medical Assistance Trust Fund	364	376.7	374	313.3	886.1	394.0
Massachusetts Transportation Trust Fund	-	-	-	(6)	195.1	180.1
Other	<u>179.6</u>	<u>400.9</u>	<u>189.9</u>	<u>94.1</u>	<u>238.8</u>	<u>232.25</u>
Total Inter-Fund Transfers to Non-Budgeted Funds	<u>\$1,265.70</u>	<u>\$2,178.20</u>	<u>\$1,903.50</u>	<u>\$1,039.10</u>	<u>\$2,059.0</u>	<u>\$1,534.4</u>
Budgeted Expenditures and Other Uses	<u>\$28,922.90</u>	<u>\$30,808.40</u>	<u>\$30,606.60</u>	<u>\$30,423.60</u>	<u>\$32,077.6</u>	<u>\$32,721.7</u>
Inter-fund Transfers	<u>553</u>	<u>2,226.30</u>	<u>1,963.80</u>	<u>770.8</u>	<u>3,460.9</u>	<u>822.0</u>
Total Budgeted Expenditures and Other Uses	<u>\$29,475.90</u>	<u>\$33,034.70</u>	<u>\$32,570.40</u>	<u>\$31,194.40</u>	<u>\$35,538.5</u>	<u>\$33,543.7</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(\$307.10)</u>	<u>(\$495.20)</u>	<u>(\$1,389.20)</u>	<u>(\$113.60)</u>	<u>\$997.8</u>	<u>(\$441.5)</u>
Ending Fund Balances						
Reserved or Designated (7)	351.3	171.5	68.9	122	400.1	19.2
Bay State Competitiveness Investment Fund	100.0	-	-	-	-	-
Stabilization Fund	2,335.00	2,119.20	841.3	669.8	1,379.1	1,337.3
Undesignated	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>	<u>105.0</u>
Total	<u>\$2,901.00</u>	<u>\$2,405.80</u>	<u>\$1,016.60</u>	<u>\$903.10</u>	<u>\$1,900.8</u>	<u>\$1,461.5</u>

SOURCES: Fiscal 2007-2011, Office of the Comptroller; fiscal 2012, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) The fiscal year 2012 budget adopted changes to the Workforce Training Fund, which annually is funded through employer contributions for workforce training initiatives for incumbent workers in the private sector. Beginning in fiscal 2012 the WTF will not be subject to annual appropriation and the employer contributions, estimated at \$19.2 million, are transferred directly to the WTF after their collection.
- (3) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds to allow their expenditure, abandoned property proceeds as well as other inter-fund transfers.
- (4) Excludes off-budget Medicaid spending in fiscal 2006 and fiscal 2007 estimated at \$292 million and \$290 million, respectively. Fiscal 2006 through fiscal 2009 included program administration.
- (5) Starting in fiscal 2010 Post Employment Benefits include budgeted pension transfers and State Retiree Benefit Trust Fund.
- (6) Transfers of approximately \$133.4 million in fiscal 2010 are included in "Other Program Expenditures" above.
- (7) Consists largely of appropriations from previous years, authorized to be expended in current years.
- (8) Based on the fiscal 2012 budget tax revenue estimate of \$21.010 billion, which was revised by the Executive Office for Administration and Finance on October 17, 2011.

See the March Information Statement "COMMONWEALTH REVENUES AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures."

The following chart shows the Stabilization Fund balance from fiscal 1987 through fiscal 2011 (actual) and fiscal 2012 (projected).



SOURCE: Fiscal 1987-Fiscal 2011, Office of the Comptroller; Fiscal 2012 (projected), Executive Office for Administration and Finance.

See the March Information Statement "SELECTED FINANCIAL DATA – Stabilization Fund."

State Taxes

Income Tax. State tax receipts for fiscal 2011 were significantly higher than receipts during fiscal 2010. See "Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues – *Fiscal 2011*," below. Pursuant to state law, the state income tax rate will be reduced from 5.3% to 5.25% (effective January 1, 2012), because the growth in fiscal 2011 inflation adjusted baseline revenues (as defined in state law) over fiscal 2010 exceeded 2.5%, and because, for each consecutive three-month period starting in August and ending in November, 2011, there was positive inflation-adjusted baseline revenue growth as compared to the same consecutive three-month period in calendar 2010. The Department of Revenue estimates that the revenue impact of this rate reduction for fiscal 2012 will be between \$52 million and \$56 million (with a mid-point of \$54 million). The revenue impact for fiscal 2013 (assuming no further rate reduction in calendar year 2013) is expected to be between \$111 million and \$117 million (mid-point of \$114 million).

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes; *Income Tax*."

Tax Expenditure Commission. The fiscal 2012 budget established a study commission on tax expenditures to review and evaluate the administration and fiscal impact of tax expenditures and make recommendations to the Legislature on the administrative efficiency and cost benefit of tax expenditures. Tax expenditures include credits, deductions and exemptions from the basic provisions of the state tax code. The commission is chaired by the Secretary of Administration and Finance and includes legislators and economists. The commission's report, which may include proposed legislation, is due April 30, 2012.

Tax Revenue Forecasting

On December 12, 2011, the Secretary of Administration and Finance and the House and Senate Ways and Means Committees conducted a hearing on state tax revenue estimates for fiscal 2013. The Commissioner of Revenue provided a forecast that fiscal 2013 tax revenue collections will be \$21.612 billion to \$21.763 billion, reflecting an actual growth of 2.7% to 3.2% from the projected fiscal 2012 revenues, and baseline growth of 4.4% to 4.9% from the fiscal 2012 forecasting base, which represents growth of \$560 million to \$683 million over projected fiscal 2012 revenues.

The Secretary of Administration and Finance and the Committees on Ways and Means also heard public testimony from economists and state budget experts from Northeastern University, the Massachusetts Taxpayers Foundation and the Beacon Hill Institute, who provided a range of forecasts for fiscal 2013 tax revenue collections, from \$21.447 billion to \$22.287 billion.

The Secretary of Administration and Finance is expected to announce a fiscal 2013 consensus tax revenue estimate on or about January 17, 2012.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting."

Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues

Fiscal 2011. Tax revenues for fiscal 2011, ended June 30, 2011, totaled approximately \$20.517 billion, an increase of approximately \$1.973 billion, or 10.6%, over the same period in fiscal 2010. The following table shows the tax collections for fiscal 2011 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in the same month that are dedicated to the MBTA and the MSBA.

Fiscal 2011 Tax Collections (in millions)(1)

<u>Month</u>	<u>Tax Collections</u>	<u>Change from Prior Year</u>	<u>Percentage Change</u>	<u>MBTA Portion(3)</u>	<u>MSBA Portion</u>	<u>Tax Collections: Net of MBTA and MSBA</u>
July	\$1,352.7	\$102.1	8.2%	\$60.3	\$60.3	\$1,232.1
August	1,385.6	89.1	6.9	55.3	55.3	1,275.0
September	2,015.1	249.2	14.1	76.2	51.9	1,887.1
October	1,342.9	118.0	9.6	55.3	55.3	1,232.3
November	1,426.6	137.9	10.7	52.9	52.9	1,320.8
December	2,072.3	186.4	9.9	83.5	54.5	1,934.2
January	2,052.7	207.6	11.2	66.1	66.1	1,920.5
February	932.5	(70.1)	(7.0)	45.9	45.9	840.8
March	1,773.8	149.1	9.2	79.8	48.8	1,645.6
April	2,505.4	757.9	43.4	54.6	54.6	2,396.1
May	1,504.6	(69.7)	(4.4)	53.0	53.0	1,398.6
June (1)	2,152.4	115.7	5.7	84.1	55.9	2,012.4
Total (2)	\$20,516.6	\$1,972.9	10.6%	\$767.1	\$654.7	\$19,094.9

SOURCE: Executive Office for Administration and Finance.

(1) Figures are final.

(2) Totals may not add due to rounding.

(3) Includes adjustments of \$24.3 million on account of the first quarter, \$29 million on account of the second quarter, \$31 million on account of the third quarter, and 28.1 million on account of the fourth quarter.

The tax revenue increase of approximately \$1.973 billion for fiscal 2011 compared to fiscal 2010 is attributable, in large part, to an increase of approximately \$431.8 million, or 34.2%, in income tax payments with returns and extensions (mostly in April), an increase of approximately \$573.5 million, or 6.5%, in withholding collections, an increase of approximately \$373.2 million, or 25.1%, in income tax estimated payments, a decrease of approximately \$101.3 million, or 6.7%, in income tax refunds, an increase of approximately \$293.1 million, or 6.4%, in sales and use tax collections, and an increase of approximately \$107.6 million, or 5.1%, in corporate and business tax collections. Fiscal 2011 tax collections were approximately \$732.6 million above the January 18, 2011 fiscal 2011 tax revenue estimate of \$19.784 billion, which was an upward revision from the consensus estimate used for the original fiscal 2011 budget (adjusted for the impacts of the economic development bill and the sales tax holidays in August, 2010).

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Fiscal 2010, Fiscal 2011, and Fiscal 2012 Tax Revenues; *Fiscal 2011*."

Fiscal 2012. The fiscal 2012 budget approved by the Governor on July 11, 2011 assumes tax revenues of \$20.636 billion, reflecting the fiscal 2012 consensus tax estimate of \$20.525 billion which was adjusted for the impact of revenue initiatives enacted as part of the budget, most notably including a one-year delay of the FAS 109 deductions (\$45.9 million) and enhanced tax enforcement initiatives (\$61.5 million). On August 1, 2011, the Governor approved legislation establishing a sales tax holiday on August 13-14, 2011. The \$20.615 billion estimate also reflects the revenue loss impact from this two-day sales tax holiday, which is expected to be \$20.9 million. (The estimate of \$20.9 million was certified by the Commissioner of Revenue on December 30, 2011). As noted above, on October 17, 2011, the Secretary of Administration and Finance, based on available data on tax revenue collections and economic trends, revised the fiscal 2012 tax revenue estimate from \$20.615 billion to \$21.010 billion. See "RECENT DEVELOPMENTS – Fiscal 2012."

Tax revenues for the first six months of fiscal 2012, ended December 31, 2011, totaled approximately \$9.847 billion, an increase of approximately \$252.0 million, or 2.6%, over the same period in fiscal 2011. The following table shows the tax collections for the first six months of fiscal 2012 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections during the same six-month period that are dedicated to the MBTA and the MSBA.

Fiscal 2012 Tax Collections (in millions)(1)

<u>Month</u>	<u>Tax Collections</u>	<u>Change from Prior Year</u>	<u>Percentage Change</u>	<u>MBTA Portion(3)</u>	<u>MSBA Portion</u>	<u>Tax Collections: Net of MBTA and MSBA</u>
July	\$1,444.6	\$91.9	6.8%	\$59.6	\$59.6	\$1,325.3
August	1,425.3	39.7	2.9%	54.1	54.1	1,317.0
September	2,195.8	180.8	9.0%	81.0	52.4	2,062.4
October	1,448.8	105.8	7.9%	56.5	56.5	1,335.8
November	1,363.3	(63.3)	(4.4%)	52.9	52.9	1,257.5
December(1)	1,969.4	(102.9)	(5.0%)	85.4	57.3	1,826.6
Total (2)	\$9,847.1	\$252.0	2.6%	\$389.5	\$332.8	\$9,124.8

SOURCE: Executive Office for Administration and Finance.

(1) Figures are preliminary

(2) Totals may not add due to rounding.

(3) Includes adjustments of \$28.6 million on the account of the first quarter, and \$28.1 million on the account of second quarter.

The year-to-date tax revenue increase of approximately \$252.0 million through December 31, 2011 from the same period in fiscal 2011 is attributable, in large part, to an increase of approximately \$174.4 million, or 3.8%, in withholding collections, an increase of approximately \$34.2 million, 18.0%, in income payments with returns and bills, a decrease of approximately \$36.1 million, or 16.7%, in income cash refunds, an increase of approximately \$39.7 million, or 1.6%, in sales and use tax collections, an increase of approximately \$19.8 million, or 15.2%, in estate collections, which were partly offset by a decrease of approximately \$32.9 million, 4.6%, in income cash estimated payments, and a decrease of approximately \$34.9 million, or 3.7%, in corporate and business collections. Year-to-date fiscal 2012 tax collections (through December) were approximately \$49 million below the year-to-date benchmark for the fiscal 2012 tax revenue estimate of \$21.010 billion, which was revised from \$20.615 billion by the Secretary of Administration and Finance on October 17, 2011. See "RECENT DEVELOPMENTS – Fiscal 2012."

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 – Fiscal 2012 Budget Proposals."

Federal and Other Non-Tax Revenues

On August 2, 2011, the President approved the Budget Control Act of 2011, which provides for between \$2.1 trillion and \$2.4 trillion of budgetary savings to the federal government over ten years. The first phase of federal spending reductions is to be implemented through \$917 billion in discretionary reductions. However, specific details concerning these reductions, particularly how they may affect state budgets, have not yet been provided by the federal government. The Commonwealth will continue to assess how it may be affected by these reductions and will take appropriate measures to prepare for and manage their impacts.

Lottery Revenues. Fiscal 2011 Lottery operating revenues were \$976.5 million, resulting in a \$10 million deficit against \$986.5 million in commitments appropriated by the Legislature from the State Lottery Fund and the Arts Lottery Fund, including Lottery administrative expenses and appropriations for local aid to cities and towns. Fiscal 2011 Lottery contributions to local aid totaled \$802.2 million.

The fiscal 2012 budget assumes total transfers from the Lottery of \$986.5 million to fund various commitments appropriated by the Legislature from the State Lottery Fund and the Arts Lottery Fund, including Lottery administrative expenses, and \$809.8 million in appropriations for local aid to cities and towns, with the balance, if any, to be transferred to the General Fund for the general activities of the Commonwealth. For fiscal 2012, the State Lottery Commission is currently projecting net operating revenues of \$996.4 million to fund the assumed transfers.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Lottery Revenues.*"

Tobacco Settlement.

Payments Received Pursuant to the Tobacco Master Settlement Agreement (in millions)(1)

Fiscal Year	Initial Payments	Annual Payments	Total Payments
2000	\$186.6(2)	\$139.6	\$326.2(2)
2001	78.2	164.2	242.5
2002	82.8	221.7	304.5
2003	86.4	213.6	300.0
2004	-	253.6	253.6
2005	-	257.4	257.4
2006	-	236.3	236.3
2007	-	245.4	245.4
2008	-	288.5	288.5
2009	-	315.2	315.2
2010	-	263.7	263.7
2011	-	248.7	248.7
Total	\$434.00	\$2,894.10	\$3,328.20

SOURCE: Office of the Comptroller.

(1) Amounts are approximate. Totals may not add due to rounding.

(2) Payments received for both 1999 and 2000.

Gaming. On November 22, 2011 the Governor approved legislation that would authorize the licensing of up to three regional resort casinos (one per region) and one slot facility (up to 1,250 slots) in the Commonwealth. The legislation would establish an appointed, independent state gaming commission to oversee the implementation of the law and the regulation of the resultant gaming facilities. Licensing fees collected by the commission would be applied to a variety of one-time state and local purposes, and gaming revenues received by the Commonwealth would be applied to a variety of ongoing expenses, including local aid and education, with stipulated percentages also deposited in the Stabilization Fund and applied to debt reduction. The legislation stipulates that initial licensing fees, which would be set by the gaming commission, must be at least \$85 million per casino and \$25 million for the slot facility. Neither the sponsors of the legislation nor the Executive Office for Administration and Finance have

released any cost or revenue projections. The Commonwealth's fiscal 2012 budget does not assume any revenue from expanded gaming.

Settlements and Judgments. The fiscal 2012 budget amended state finance law to provide that any one-time settlement or judgment amounting to \$10 million or more is to be deposited in the Stabilization Fund rather than used as revenue for the current fiscal year. Upon receiving a joint certification from the Commissioner of Revenue and the Attorney General that a state agency is in receipt of a one-time settlement or judgment for the Commonwealth in excess of \$10 million in any one fiscal year, the Comptroller is to transfer the proceeds of the settlement or judgment from the General Fund to the Stabilization Fund. Thus far in fiscal 2012, the Attorney General and Commissioner of Revenue have certified \$163.2 million for transfer to the Stabilization Fund on account of settlements and judgments. Such transfers are made on a bi-monthly basis.

Limitations on Tax Revenues

On September 27, 2011, the Department of Revenue certified that cumulative state tax revenues for fiscal 2011 exceeded the permissible state tax revenue limit set by Chapter 62F by approximately \$1.187 billion. Because \$9.0 million in Stabilization Fund investment income was transferred to the General Fund during fiscal 2011, as required by the fiscal 2011 budget, that same amount was transferred back to the Stabilization Fund before the remaining cumulative excess as of the end of fiscal 2011 was transferred back to the General Fund for inclusion in the consolidated net surplus.

The following table shows the quarter by quarter trend of the Temporary Holding Fund for fiscal 2007 through the third quarter of fiscal 2011.

Temporary Holding Fund (in thousands)

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
<u>First quarter - period ended September 30</u>					
Cumulative net tax revenues, current fiscal year	\$4,796,700	\$4,870,214	\$4,374,038	\$4,819,581	\$5,136,829
Cumulative net tax revenues, prior fiscal year	4,542,170	4,796,700	4,870,214	4,374,038	4,819,581
Permissible growth rate(1)	6.94%	7.89%	4.13%	2.57%	4.72%
Permissible state tax revenues(2)	<u>4,857,306</u>	<u>5,175,160</u>	<u>5,080,266</u>	<u>4,486,538</u>	<u>5,047,065</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	\$333,042	\$89,764
<u>Second quarter - period ended December 31</u>					
Cumulative net tax revenues, current fiscal year	\$9,194,513	\$9,200,005	\$8,834,580	\$9,732,050	
Cumulative net tax revenues, prior fiscal year	8,831,036	9,194,513	9,200,005	8,834,580	
Permissible growth rate(1)	6.93%	8.34%	2.10%	3.47%	
Permissible state tax revenues(2)	<u>9,442,585</u>	<u>9,960,876</u>	<u>9,392,837</u>	<u>9,140,698</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	\$591,351	
<u>Third quarter - period ended March 31</u>					
Cumulative net tax revenues, current fiscal year	\$14,485,334	\$13,599,204	\$13,358,852	\$14,550,178	
Cumulative net tax revenues, prior fiscal year	13,659,294	14,485,334	13,599,204	13,358,852	
Permissible growth rate(1)	7.41%	7.60%	2.00%	4.04%	
Permissible state tax revenues(2)	<u>14,671,584</u>	<u>15,586,799</u>	<u>13,871,188</u>	<u>13,898,416</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	651,763	
<u>Fourth Quarter - Period ending June 30</u>					
Cumulative net tax revenues, current fiscal year	\$21,009,329	\$18,513,036	\$18,792,777	\$20,776,223	
Cumulative net tax revenues, prior fiscal year	19,848,064	21,009,085	18,513,036	18,792,777	
Permissible growth rate(1)	7.66%	6.27%	1.61%	4.24%	
Permissible state tax revenues(2)	<u>21,368,426</u>	<u>22,325,305</u>	<u>18,810,911</u>	<u>19,588,839</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	\$1,187,394	

SOURCES: Office of the Comptroller.

(1) Defined as inflation plus 2%, but not less than 0%.

(2) Defined as cumulative net state tax revenues, prior fiscal year, multiplied by 1 plus the permissible growth rate.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues."

Medicaid and the Commonwealth Care Trust Fund

Federal 1115 MassHealth Demonstration Waiver. The Commonwealth's 1115 waiver expired on June 30, 2011, but the Commonwealth received six successive one-month extensions from the Centers for Medicare and Medicaid Services (CMS) while renewal negotiations continued. On December 20, 2011 the waiver was renewed by CMS and will extend through June 30, 2014. The \$26.750 billion agreement, which represents a \$5.690 billion increase over the previous waiver, preserves existing eligibility and benefit levels in the Medicaid and Commonwealth Care programs and includes more than \$13.3 billion in revenue to the Commonwealth through federal financial participation. During the three-year waiver period, the Commonwealth will fully implement the federal Affordable Care Act, whose major provisions go into effect on January 1, 2014. The waiver supports spending authority to support alternative payment models and integrated care through Delivery System Transformation Initiative (DSTI) incentive payments to eligible safety net hospitals. The total amount of payments to these safety net providers over the three year period is up to \$628 million, of which up to \$82.2 million is expected to be covered by state resources annually.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Medicaid and the Commonwealth Care Trust Fund; *Federal 1115 MassHealth Demonstration Waiver.*"

Other Health and Human Services

Office of Children, Youth, and Family Services. The first paragraph on page A-29 of the March Information Statement has been revised to read as follows: Through the Department of Transitional Assistance, the Commonwealth-funds three major programs of public assistance for eligible state residents: transitional aid to families with dependent children (TAFDC); emergency aid to the elderly, disabled and children (EAEDC); and the state supplemental benefits for residents enrolled in the federal supplemental security income (SSI) program. In addition, the Department is responsible for administering the entirely federally funded Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), which provides food assistance to low-income families and individuals. Lastly, beginning in fiscal 2008, the Department established a new supplemental nutritional program, which provides small supplemental benefits to certain working families currently enrolled in the SNAP program.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Other Health and Human Services; *Office of Children, Youth, and Family Services.*"

PENSION AND OPEB FUNDING

Retirement Systems

On November 16, 2011, the Governor approved legislation containing pension reforms, including increasing the retirement ages, eliminating early retirement subsidies and increasing the period for average earnings from the highest three years to the highest five years for all new state employees who join a retirement system on or after April 2, 2012. The legislation is expected by the Executive Office for Administration and Finance to generate savings over the next 30 years estimated at more than \$3 billion for the Commonwealth and nearly \$2 billion for municipalities. These savings projections are not assumed in the revised pension funding schedule.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Retirement Systems."

Funding Schedule

The fiscal 2012 budget amended state law to extend the time period for amortizing the Commonwealth's unfunded liability. Under the new law, the liability is to be amortized to zero by June 30, 2040. The fiscal 2012 budget also contains language requiring that pension funding amounts for fiscal 2012 through fiscal 2017 must be equal to or greater than the amounts for those years specified in the proposed funding schedule filed by the Secretary

of Administration and Finance on January 18, 2011. See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule."

Actuarial Valuations

On September 30, 2011, pursuant to Chapter 32 of the Massachusetts General Laws, the Public Employee Retirement Administration Commission (PERAC) released its actuarial valuation of the Commonwealth's total pension obligation as of January 1, 2011. This valuation was based on the plan provisions in effect at the time and is based on member data and asset information as of December 31, 2010. See the March Information Statement under the heading "PENSION AND OPEB FUNDING."

The unfunded actuarial accrued liability as of that date for the total obligation was approximately \$18.589 billion, including approximately \$4.998 billion for the Massachusetts State Employees' Retirement System (MSERS), \$11.773 billion for the Massachusetts Teachers' Retirement System (MTRS), \$1.536 billion for Boston Teachers and \$282 million for cost-of-living increases reimbursable to local systems. The valuation study estimated the total actuarial accrued liability as of January 1, 2011 to be approximately \$64.219 billion (comprised of \$26.243 billion for MSERS, \$34.891 billion for MTRS, \$2.804 billion for Boston Teachers and \$282 million for cost-of-living increases reimbursable to local systems). Total assets were valued on an actuarial basis at approximately \$45.631 billion based on a five-year average valuation method, which equaled 110% of the January 1, 2011 total asset market value.

The principal assumptions used in the valuation were an investment return assumption of 8.25% and a salary increase assumption based on Group and years of service. The ultimate salary increase rate is 4.5% for Groups 1 and 2, 5.0% for Groups 3 and 4, and 4.75% for teachers. The assumption is higher in early years of employment and grades down to the ultimate rate. All assumptions other than the investment return assumption are based on PERAC's most recent Experience Study Analysis for the State Retirement System, published in 2007 and the Massachusetts Teachers' Retirement System, published in 2008.

The Actuarial Cost Method which was used to determine pension liabilities in this valuation is known as the Entry Age Normal Cost Method. Under this method, the Normal Cost for each active member on the valuation date is determined as the level percent of salary, which, if paid annually from the date the employee first became a retirement system member, would fully fund by retirement, death, disability or termination, the projected benefits which the member is expected to receive. The Actuarial Liability for each member is determined as the present value as of the valuation date of all projected benefits which the member is expected to receive, minus the present value of future annual Normal Cost payments expected to be made to the fund. Since only active members have a Normal Cost, the Actuarial Liability for inactive members, retirees, and survivors is simply equal to the present value of all projected benefits. The Unfunded Actuarial Liability is the Actuarial Liability less current assets.

The Normal Cost for a member will remain a level percent of salary for each year of membership, except for changes in provisions of the plan or the actuarial assumptions employed in projection of benefits and present value determinations. The Normal Cost for the entire system will also be changed by the addition of new members or the retirement, death, disability, or termination of members. The Actuarial Liability for a member will increase each year to reflect the additional accrual of Normal Cost. It will also change if the plan provisions or actuarial assumptions change.

Differences each year between the actual experience of the plan and the experience projected by the actuarial assumptions are reflected by adjustments to the Unfunded Actuarial Liability. An experience difference which increases the Unfunded Actuarial Liability is an Actuarial Loss and one which decreases the Unfunded Actuarial Liability is an Actuarial Gain.

The Actuarial Value of Assets is determined in accordance with the deferred recognition method under which 20% of the gains or losses occurring in the prior year are recognized, 40% of those occurring two years prior are recognized, etc., so that 100% of gains and losses occurring five years ago are recognized. This has the effect of smoothing the short-term volatility of market values over a five-year period. The actuarial value of assets will be adjusted, if necessary, in order to remain between 90% and 110% of market value. In valuations prior to 1998, plan assets were determined at market value. As part of the 1998 valuation, this methodology was adjusted to reduce the

potential volatility in the market value approach from year to year. The actuarial value of assets as of January 1, 2011 is 110% of the market value (the 110% limit has applied as of January 1, 2009, 2010 and 2011). The unfunded actuarial liability decreased from \$20.0 billion on January 1, 2010 to \$18.6 billion on January 1, 2011. However, the unfunded liability is expected to increase in the ensuing years as remaining 2008 investment losses are recognized and the 90%-110% corridor no longer applies.

The following table shows the valuation of accrued liabilities and assets from 2007 through 2011:

Pension Fund Valuation and Unfunded Accrued Liabilities (in millions)

Unfunded Accrued Liabilities

<u>Valuation Date(Jan. 1)</u>	<u>Total Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets(1)</u>	<u>Unfunded Actuarial Liability(2)</u>	<u>Market Value of Unfunded Liability</u>
2007	53,761	40,412	13,349	8,859
2008	56,637	44,532	12,105	7,402
2009	59,142	37,058	22,084	25,453
2010	61,576	41,589	19,986	23,767
2011	64,219	45,631	18,589	22,737

SOURCE: Public Employee Retirement Administration Commission.

(1) Based on five-year average smoothing methodology.

(2) Based on actuarial valuation.

The following table shows the pension funding progress from 2007 through 2011:

Pension Funding Progress for the last five fiscal years

(Amounts in thousands except for percentages)

	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
State Employees' Retirement System						
Actuarial Valuation as of Jan. 1						
2011	\$ 21,244,900	\$ 26,242,776	\$ 4,997,876	81.0%	\$ 4,808,250	103.94%
2010	19,019,062	24,862,421	5,843,359	76.5%	4,711,563	124.00%
2009	16,992,214	23,723,240	6,731,026	71.6%	4,712,655	142.80%
2008	20,400,656	22,820,502	2,419,846	89.4%	4,574,233	52.90%
2007	18,445,225	21,670,810	3,225,585	85.1%	4,391,891	73.40%
Teachers' Retirement System						
Actuarial Valuation as of Jan. 1						
2011	\$ 23,117,952	\$ 34,890,991	\$ 11,773,039	66.3%	\$ 5,558,311	211.81%
2010	21,262,462	33,738,966	12,476,504	63.0%	5,509,698	226.40%
2009	18,927,731	32,543,782	13,616,051	58.2%	5,389,895	252.60%
2008	22,883,553	30,955,504	8,071,951	73.9%	5,163,498	156.30%
2007	20,820,392	29,320,714	8,500,322	71.0%	4,969,092	171.10%

SOURCE: Public Employee Retirement Administration Commission.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Actuarial Valuations."

Annual Required Contributions

The following table sets forth the annual required contribution (ARC) by the Commonwealth under generally accepted accounting principles, its reimbursement to Boston for its payments to SBRS (the fiscal 2010 payment includes both the final payment in arrears and the first annual contribution under 2010 legislation described in the March Information Statement under the heading "PENSION AND OPEB FUNDING – Retirement Systems") and payments for municipal COLAs for each of the fiscal years indicated. The ARC is determined annually based on the most recent Commonwealth valuation. Valuations have been performed annually since January 1, 2000. As noted in

the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule," the Commonwealth also develops a revised funding schedule by statute at least every three years, and the Commonwealth made the full contribution required, under the then-current funding schedule, for each year displayed in the table. The prior funding schedule was filed in February, 2009 and based on valuation results as of January 1, 2008. Since the funding schedule can be several years old when the ARC is determined, the funding schedule information lags the more current ARC information except in the year in which the funding schedule is developed. Accordingly, in some years the ARC will exceed the contribution made and in other years the contribution made will exceed the ARC. Due to significant investment losses in 2008, the unfunded liability (and therefore the ARC) increased significantly for fiscal 2009. However, the funding schedule was based on the 2008 valuation before the market downturn. This accounts for the discrepancy between the ARC and contributions made in fiscal 2009. In fiscal 2010 the discrepancy is accounted for by the market downturn and the double payment to SBRs described above. As noted in the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule," in January, 2011, a revised Commonwealth schedule was filed that extended the amortization period to 2040.

Annual Required Contributions and Other Pension Contributions

(amounts in thousands)

	<u>SERS</u>	<u>MTRS</u>	<u>Total</u>	<u>COLA(1)</u>	<u>BTRS(1)</u>
2011					
Annual required contribution (ARC).....	\$471,096	\$767,960	\$1,239,056	n/a	n/a
Contributions made, excluding COLAs.....	<u>431,166</u>	<u>855,201</u>	<u>1,286,367</u>	<u>34,153</u>	<u>121,290</u>
% Funded for the fiscal year.....	92%	111%	104%		
2010					
Annual required contribution (ARC).....	\$646,932	\$1,106,052	\$1,752,984	n/a	n/a
Contributions made, excluding COLAs.....	<u>410,682</u>	<u>690,397</u>	<u>1,101,079</u>	<u>32,683</u>	<u>242,857</u>
% Funded for the fiscal year.....	63%	62%	63%		
2009					
Annual required contribution.....	697,340	1,149,629	1,846,969	n/a	n/a
Contributions made, excluding COLAs.....	<u>397,482</u>	<u>781,026</u>	<u>1,178,508</u>	<u>34,696</u>	<u>122,216</u>
% Funded for the fiscal year.....	57%	68%	64%		
2008					
Annual required contribution.....	369,866	749,853	1,119,719	n/a	n/a
Contributions made, excluding COLAs.....	<u>460,788</u>	<u>809,000</u>	<u>1,269,788</u>	<u>34,000</u>	<u>98,000</u>
% Funded for the fiscal year.....	125%	108%	113%		
2007					
Annual required contribution.....	432,219	763,798	1,196,017	n/a	n/a
Contributions made, excluding COLAs.....	<u>435,610</u>	<u>747,000</u>	<u>1,182,610</u>	<u>37,005</u>	<u>93,300</u>
% Funded for the fiscal year.....	101%	98%	99%		

SOURCE: Office of the Comptroller.

(1) COLA and BTRS contributions are additional amounts funded by the Commonwealth, but are not part of the Commonwealth's funding of ARC.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Annual Required Contributions."

PRIT Fund Investments

The PRIM Board's overall investment performance goal is to achieve an annual rate of return that exceeds the targeted actuarial rate of return used in determining the Commonwealth's pension obligations (currently 8.25%). The investment policy statement adopted by the PRIM Board requires a comprehensive review of the PRIM Board's asset allocation plan and its underlying assumptions at reasonable intervals of not more than three to five years. In addition, the investment policy statement requires that the PRIM Board conduct an annual evaluation of the PRIT Fund's asset allocation. The PRIM Board's last comprehensive review of the PRIT Fund asset allocation was conducted in the beginning of fiscal 2011.

In addition to asset allocation diversification, the PRIM Board seeks to diversify the PRIT Fund by choosing complementary investment styles and strategies within asset classes. The PRIM Board also develops detailed investment guidelines for each investment manager to ensure that portfolios are adequately diversified at the individual manager level.

The PRIT Fund's asset allocation plan currently uses the following categories of investments (the description is as of June 30, 2011):

Domestic Equity. Domestic Equity constitutes 22% of the PRIT Fund portfolio, approximately 23% of which is invested using a large capitalization stock strategy (two active managers), with the remaining 77% invested under a Russell 3000 index strategy (one passive manager). The portfolio is style neutral as between growth- and value-oriented stocks.

International Equity. International Equity constitutes 22% of the PRIT Fund portfolio which is allocated to one passively managed account (which comprises 44% of the portfolio) and four actively managed accounts (56% of the portfolio). The PRIM Board maintains a target weighting of 50% passive and 50% active for the international equity portfolio. The primary strategy for this portfolio is investing in companies in developed market, industrialized nations outside of the United States.

Emerging Markets. Emerging Markets constitutes 7% of the PRIT Fund portfolio, which is allocated to three active managers (which comprise about 76% of the emerging market portfolio) and one passive manager (24%). Since May, 2010, the PRIM Board has targeted a weighting of 75% active and 25% passive for this portfolio.

Core Fixed Income. Core Fixed Income constitutes 13% of the PRIT Fund portfolio, which is invested in corporate, government and mortgage-backed securities in the investment grade bond market (37% active, 36% passive). Approximately 13% is invested in global inflation linked bonds, and approximately 10% in U. S. Treasury Inflation Protected Securities. The balance of the portfolio (4%) contains investments under the PRIM Board's economically targeted investment (ETI) program.

Value-Added Fixed Income. Value Added Fixed Income constitutes 6% of the PRIT Fund portfolio, which is invested in distressed debt (44%), high-yield bonds (24%), emerging markets debt (23%) and bank loans (9%).

Private Equity. Private Equity constitutes 11% of the PRIT Fund portfolio. Two components comprise the private equity portfolio: venture capital (early-stage and multi-stage) and special equity partnerships (large market buyout, middle market buyout, and growth equity). These private market investments are illiquid and typically have 10- to 15-year life cycles. The portfolio is highly diversified at the underlying portfolio company level.

Real Estate. Real estate holdings constitute 8% of the PRIT Fund portfolio, which consists of directly-owned properties (73%) and real estate investment trusts (27%).

Timber/Natural Resources. Timber/Natural Resources constitutes 4% of the PRIT Fund portfolio, which is invested in both timberland investments (52%), and natural resource-oriented companies (48%) such as oil, mining and energy companies.

Hedge Funds. Hedge Funds constitute 7% of the PRIT Fund portfolio. This portfolio has investments in five active hedge funds of funds managers and one residual liquidating portfolio.

PRIT Fund Asset Allocation
(As of June 30)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Domestic Equity	22.00%	19.90%	24.40%	26.10%	29.90%
International Equity	21.70%	20.00%	19.00%	20.00%	21.00%
Emerging Markets	6.60%	5.70%	5.00%	5.50%	5.50%
Fixed Income	13.20%	14.00%	13.00%	16.80%	15.40%
Value-Added Fixed Income	6.00%	7.00%	7.70%	5.00%	4.60%
Private Equity	10.70%	10.60%	9.60%	8.40%	6.70%
Real Estate	8.20%	9.10%	10.90%	10.90%	8.60%
Timber/Natural Resources	4.00%	4.10%	4.70%	2.10%	3.20%
Hedge Funds	7.20%	7.70%	5.70%	5.20%	5.10%
Portable Alpha Wind Down(1)	0.40%	1.90%	0.00%	0.00%	0.00%

(1) Prior to January 1, 2010, Portable Alpha Assets were reflected in the Domestic Equity portfolio.

SOURCE: Pension Reserves Investment Management Board.

The following table sets forth the gross investment rates of return for the assets in the PRIT Fund for the last five fiscal years:

PRIT Fund Rates of Return

<u>Fiscal Year</u>	<u>Rate of Return</u>
2011	22.30%
2010	12.82%
2009	(23.87)%
2008	(1.81)%
2007	19.92%
5yr average	4.35%
10yr average	6.53%
Assumed Rate	8.25%

SOURCE: Pension Reserves Investment Management Board.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – PRIT Fund Investments."

Other Post-Retirement Benefit Obligations (OPEB)

The fiscal 2012 budget provides that 10% of all tobacco settlement payments received by the Commonwealth in fiscal 2013 are to be deposited in the State Retiree Benefits Trust Fund, with the amount of payments to be deposited increasing by 10 percentage points in each succeeding year until the amount to be deposited reaches 100% of the payments. See "COMMONWEALTH REVENUE AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Tobacco Settlement*" and the March Information Statement under the heading "PENSION AND OPEB FUNDING – Other Post-Retirement Benefit Obligations (OPEB)."

STATE WORKFORCE

Unions and Labor Negotiations

Concessions made by most state collective bargaining units to help the Commonwealth manage through the fiscal challenges caused by the recession over the last couple of years included delaying wage increases to which the Commonwealth had previously agreed by one year. If tax revenue collections exceeded certain thresholds, however, then the wage increases would be delayed by six months instead of one year. In either case, the delay of the wage increases results in permanent annual savings to the Commonwealth of tens of millions of dollars.

Fiscal year 2011 tax revenue collections exceeded the threshold in the collective bargaining agreements that triggers a six-month wage increase delay for fiscal years 2011 and 2012 instead of a one-year delay. Because the fiscal year 2011 and fiscal year 2012 budgets had been based on tax revenue estimates that were below the threshold, those budgets did not fund the additional costs associated with a six-month delay instead of a one-year delay. The Executive Office of Administration estimates that the potential aggregate additional cost resulting from tax revenues exceeding the threshold is \$110 million for fiscal years 2011 and 2012 combined. As a result of the fact that this cost was not anticipated and is not budgeted, the Executive Office of Administration and Finance has been negotiating with state collective bargaining units to amend the collective bargaining agreements to eliminate the provisions that allow the delayed wage increases to be accelerated by six months in exchange for a two-year extension of the existing collective bargaining agreements. Several of the Commonwealth's largest employee unions have already agreed to the contract amendments and negotiations are continuing with the other unions. At this point, the Executive Office of Administration and Finance does not plan to seek supplemental appropriations to fund any costs associated with the provisions providing for a six-month acceleration of the delayed wage increases previously negotiated.

See the March Information Statement under the heading "STATE WORKFORCE – Unions and Labor Negotiations."

CASH FLOW

On September 6, 2011, the State Treasurer and the Secretary of Administration and Finance released cash flow statements for fiscal 2011 and fiscal 2012. On December 1, 2011, the State Treasurer and the Secretary of Administration and Finance released a revised cash flow statement for fiscal 2012. The September 6, 2011 cash flow statement for fiscal 2011 and the December 1, 2011 cash flow statement for fiscal 2012 are summarized in the tables below.

The next cash flow statement is expected to be released on or about February 29, 2012. See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 – Cash Flow."

Overview of Final Fiscal 2011 Non-Segregated Operating Cash Flow (in millions) (1)
(as of August 31, 2011)

	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>June-11</u>	<u>Total FY 2011</u>
Opening Non-Segregated Operating Cash Balance	\$844.3	\$1,082.2	\$1,852.1	\$1,715.3	\$1,522.2	\$1,661.9	\$1,558.0	\$1,948.2	\$1,591.3	\$924.8	\$2,246.0	\$2,363.0	\$844.3
Operating Activities:													
Budgetary Funds:													
<i>Transfer from/(to) Stabilization Fund</i>	\$0.0	\$0.0	\$12.7	\$0.0	(\$11.3)	\$0.0	\$0.0	\$0.0	\$0.0	\$4.3	\$0.0	\$0.0	\$5.8
Total Budgetary Revenue/Inflows	\$2,642.8	\$2,369.4	\$3,004.9	\$2,476.0	\$2,841.3	\$3,231.5	\$3,010.1	\$2,402.1	\$3,131.8	\$4,043.8	\$2,669.6	\$3,383.1	\$35,206.5
Total Budgetary Expenditures/Outflows	\$2,461.6	\$2,273.0	\$3,096.3	\$2,376.6	\$2,643.2	\$3,135.5	\$2,152.3	\$2,666.7	\$3,360.6	\$2,628.5	\$2,071.2	\$2,889.7	\$31,755.2
Net Budgetary Funds	\$181.2	\$96.4	(\$91.4)	\$99.4	\$198.1	\$96.0	\$857.8	(\$264.6)	(\$228.8)	\$1,415.3	\$598.4	\$493.5	\$3,451.3
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):													
Total Non Budgetary Revenue/Inflows	\$748.4	\$730.7	\$755.9	\$757.5	\$1,117.3	\$440.0	\$810.8	\$876.8	\$475.6	\$1,317.7	\$658.0	\$707.7	\$9,396.5
Total Non Budgetary Expenditures/Outflows	\$892.6	\$949.0	\$933.0	\$944.0	\$981.5	\$1,235.6	\$925.5	\$934.3	\$1,065.3	\$859.9	\$1,038.8	\$1,076.1	\$11,835.7
Net Non Budgetary Funds	(\$144.2)	(\$218.4)	(\$177.1)	(\$186.5)	\$135.8	(\$795.6)	(\$114.7)	(\$57.5)	(\$589.7)	\$457.8	(\$380.8)	(\$368.3)	(\$2,439.2)
Net Undesignated Revenue/Inflows and Expenditures/Outflows	(\$14.5)	\$1.5	\$1.6	\$1.9	\$1.6	\$1.9	\$1.6	\$7.7	\$1.6	\$1.6	\$7.5	\$3.2	\$17.4
Net Operating Activities	\$22.5	(\$120.4)	(\$266.9)	(\$85.2)	\$335.6	(\$697.6)	\$744.7	(\$314.4)	(\$816.9)	\$1,874.6	\$225.1	\$128.4	\$1,029.5
Federal Grants:													
Total Federal Grants Revenue/Inflows	\$277.5	\$194.3	\$278.9	\$180.7	\$179.5	\$330.0	\$48.8	\$383.3	\$379.3	\$191.6	\$322.0	\$361.8	\$3,127.8
Total Federal Grants Expenditures/Outflows	\$230.2	\$332.8	\$188.1	\$195.7	\$235.8	\$294.5	\$253.3	\$278.7	\$301.8	\$250.1	\$317.1	\$287.4	\$3,165.5
Net Federal Grants	\$47.3	(\$138.5)	\$90.8	(\$15.0)	(\$56.2)	\$35.6	(\$204.5)	\$104.6	\$77.5	(\$58.5)	\$4.9	\$74.4	(\$37.8)
Capital Funds:													
Total Capital Revenue/Inflows	\$422.4	\$56.4	\$256.4	\$146.2	\$68.1	\$754.1	\$35.2	\$30.5	\$250.8	\$52.8	\$511.2	\$311.7	\$2,895.8
Total Capital Expenditures/Outflows:	\$254.3	\$227.5	\$217.1	\$239.0	\$207.7	\$195.9	\$185.3	\$177.6	\$177.9	\$193.0	\$193.0	\$245.1	\$2,513.4
Net Capital Funds	\$168.1	(\$171.1)	\$39.3	(\$92.8)	(\$139.6)	\$558.2	(\$150.0)	(\$147.1)	\$72.9	(\$140.1)	\$318.3	\$66.6	\$382.4
Financing Activities:													
Cash Flow Financing Activities Inflows:													
<i>Commercial Paper</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Revenue Anticipation Notes (RANS)</i>	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Total Cash Flow Financing Activities Inflows	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Cash Flow Financing Activities Outflows:													
<i>Commercial Paper – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>RANS – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$354.7	\$431.4	\$432.0	\$1,218.1
Total Cash Flow Financing Activities Outflows	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$354.7	\$431.4	\$432.0	\$1,218.1
Net Financing Activities	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$354.7)	(\$431.4)	(\$432.0)	(\$18.1)
Ending Non-Segregated Operating Cash Balance	\$1,082.2	\$1,852.1	\$1,715.3	\$1,522.2	\$1,661.9	\$1,558.0	\$1,948.2	\$1,591.3	\$924.8	\$2,246.0	\$2,363.0	\$2,200.4	\$2,200.4

SOURCE: Office of the Treasurer and Receiver-General.

(1) Totals may not add due to rounding.

Overview of Fiscal 2012 Non-Segregated Operating Cash Flow (in millions) (1)
(as of November 30, 2011)

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep -11</u>	<u>Oct -11</u>	<u>Nov -11(2)</u>	<u>Dec-11 (2)</u>	<u>Jan-12 (2)</u>	<u>Feb-12 (2)</u>	<u>Mar-12(2)</u>	<u>Apr-12 (2)</u>	<u>May-12(2)</u>	<u>June-12(2)</u>	Total FY 2012 (2)
Opening Non-Segregated Operating Cash Balance	\$2,200.4	\$2,194.6	\$2,153.0	\$1,461.9	\$1,522.5	\$1,445.7	\$981.4	\$1,531.8	\$1,005.3	\$356.7	\$1,376.2	\$759.1	\$2,200.4
Operating Activities:													
Budgetary Funds:													
<i>Transfer from/(to) Stabilization Fund</i>	\$0.0	\$0.0	\$2.8	(\$71.3)	(\$717.7)	\$185.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$601.3)
Total Budgetary Revenue/Inflows	\$2,275.6	\$2,555.9	\$2,865.4	\$2,377.4	\$1,674.0	\$3,221.9	\$3,157.0	\$2,212.3	\$3,254.3	\$4,161.7	\$2,507.4	\$3,531.3	\$33,794.2
Total Budgetary Expenditures/Outflows	\$2,304.8	\$2,444.0	\$3,434.0	\$1,929.3	\$2,671.9	\$3,486.1	\$2,435.0	\$2,546.7	\$3,783.6	\$2,331.3	\$2,364.1	\$3,154.3	\$32,885.1
Net Budgetary Funds	(\$29.3)	\$111.9	(\$568.6)	\$448.2	(\$997.9)	(\$264.3)	\$722.1	(\$334.4)	(\$529.3)	\$1,830.4	\$143.3	\$377.0	\$909.1
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):													
Total Non Budgetary Revenue/Inflows	\$842.3	\$900.7	\$794.1	\$438.4	\$829.6	\$889.0	\$822.6	\$701.6	\$962.8	\$678.7	\$663.6	\$837.3	\$9,360.7
Total Non Budgetary Expenditures/Outflows	\$806.7	\$1,018.2	\$1,029.3	\$803.5	\$1,038.5	\$1,106.0	\$1,037.0	\$898.2	\$1,067.5	\$906.0	\$826.0	\$946.0	\$11,482.9
Net Non Budgetary Funds	\$35.6	(\$117.5)	(\$235.2)	(\$365.1)	(\$208.9)	(\$217.0)	(\$214.4)	(\$196.6)	(\$104.7)	(\$227.3)	(\$162.4)	(\$108.7)	(\$2,122.2)
Net Undesignated Revenue/Inflows and Expenditures/Outflows	\$7.1	(\$10.6)	\$1.2	\$1.3	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$7.1
Net Operating Activities	\$13.4	(\$16.2)	(\$802.5)	\$84.4	(\$1,205.8)	(\$480.3)	\$508.7	(\$530.0)	(\$632.9)	\$1,604.1	(\$18.1)	\$269.4	(\$1,206.0)
Federal Grants:													
Total Federal Grants Revenue/Inflows	\$191.0	\$299.9	\$178.1	\$156.5	\$245.0	\$295.0	\$250.0	\$230.0	\$225.0	\$250.0	\$225.0	\$285.6	\$2,831.0
Total Federal Grants Expenditures/Outflows	\$231.7	\$284.9	\$185.0	\$178.8	\$230.0	\$291.5	\$233.0	\$234.0	\$241.5	\$234.5	\$224.0	\$275.5	\$2,844.4
Net Federal Grants	(\$40.7)	\$14.9	(\$6.9)	(\$22.3)	\$15.0	\$3.5	\$17.0	(\$4.0)	(\$16.5)	\$15.5	\$1.0	\$10.1	(\$13.4)
Capital Funds:													
Total Capital Revenue/Inflows	\$288.0	\$222.9	\$355.1	\$234.2	\$156.9	\$242.0	\$242.1	\$216.3	\$209.9	\$226.1	\$226.1	\$285.1	\$2,904.6
Total Capital Expenditures/Outflows:	\$266.4	\$263.3	\$236.8	\$235.7	\$242.8	\$229.5	\$217.4	\$208.7	\$209.1	\$226.1	\$226.1	\$285.1	\$2,847.0
Net Capital Funds	21.62	(40.32)	118.26	(1.48)	(85.93)	12.48	24.68	7.57	0.77	0.00	0.00	0.00	\$57.6
Financing Activities:													
Cash Flow Financing Activities Inflows:													
<i>Commercial Paper</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Revenue Anticipation Notes (RANS)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Total Cash Flow Financing Activities Inflows	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Cash Flow Financing Activities Outflows:													
<i>Commercial Paper – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>RANS – (Principal + Interest)</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$600.0	\$600.0	\$0.0	\$1,200.0
Total Cash Flow Financing Activities Outflows	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$600.0	\$600.0	\$0.0	\$1,200.0
Net Financing Activities	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$600.0)	(\$600.0)	\$0.0	(\$0.0)
Ending Non-Segregated Operating Cash Balance	\$2,194.6	\$2,153.0	\$1,461.9	\$1,522.5	\$1,445.7	\$981.4	\$1,531.8	\$1,005.3	\$356.7	\$1,376.2	\$759.1	\$1,038.6	\$1,038.6

SOURCE: Office of the Treasurer and Receiver-General.

(1) Totals may not add due to rounding.

(2) Figures are estimated.

LONG-TERM LIABILITIES

General and Special Obligation Long-Term Debt Issuance and Repayment Analysis (in thousands) (1)

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
Beginning Balance as of July 1	\$18,461,406	\$18,736,961	\$18,734,440	\$19,264,569	\$19,726,507
Debt Issued	1,556,485	1,280,824	1,887,108	1,667,584	2,233,368
Subtotal	<u>20,017,891</u>	<u>20,017,785</u>	<u>20,621,548</u>	<u>20,932,153</u>	<u>21,959,875</u>
Debt retired or defeased, exclusive of refunded debt	(1,399,715)	(1,179,730)	(1,227,029)	(1,207,150)	(974,770)
Refunding debt issued, net of refunded debt (3)	118,785	(103,615)	(129,950)	1,504	(110,050)
Ending Balance June 30 (2)	<u>\$18,736,961</u>	<u>\$18,734,440</u>	<u>\$19,264,569</u>	<u>\$19,726,507</u>	<u>\$20,875,055</u>

SOURCE: Office of the Comptroller.

- (1) Including premium, discount and accretion of capital appreciation bonds.
- (2) Includes federal grant anticipation notes issued as crossover refunding bonds. The refunding escrows funded by these bonds and related premiums are used to pay interest on the refunding bonds until the refunded bonds are callable and then to redeem the refunded bonds. Interest on the refunded bonds prior to redemption continues to be paid from pledged revenues as before.
- (3) Amounts may be negative due to defeasances of debt of authorities from the issuance of Commonwealth debt as afforded under General Laws.

See the March Information Statement under the heading "LONG-TERM LIABILITIES—General and Special Obligation Long-Term Debt Issuance and Repayment Analysis."

Outstanding Long Term Commonwealth Debt (in thousands)

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
General Obligation Debt	\$15,822,591	\$16,086,470	\$17,051,724	\$17,655,539	\$18,516,760
Special Obligation Debt	1,248,750	1,112,590	1,078,630	1,063,501	1,591,505
Federal Grant Anticipation Notes	<u>1,665,620</u>	<u>1,535,380</u>	<u>1,134,215</u>	<u>997,467</u>	<u>766,790</u>
TOTAL	<u>\$18,736,961</u>	<u>\$18,734,440</u>	<u>\$19,264,569</u>	<u>\$19,726,507</u>	<u>\$20,875,055</u>

SOURCE: Office of the Comptroller.

See the March Information Statement under the heading "LONG-TERM LIABILITIES—Outstanding Long Term Commonwealth Debt."

Debt Service Requirements

The following table sets forth, as of December 31, 2011, the annual fiscal year debt service requirements on outstanding Commonwealth general obligation bonds, special obligation bonds and federal grant anticipation notes. For variable-rate bonds with respect to which the Commonwealth is a fixed-rate payor under an associated interest rate swap agreement, the debt service schedule assumes payment of the fixed rate due under such agreement. For other variable-rate bonds, the schedule assumes a 5% interest rate.

See the March Information Statement under the heading "LONG-TERM LIABILITIES—Debt Service Requirements."

Debt Service Requirements on Commonwealth Bonds as of December 31, 2011 through Maturity (in thousands) (1)

General Obligation Bonds

Federal Highway Grant Anticipation Notes

<u>Period Ending</u>	<u>Principal</u>	<u>Compounded Interest</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>
6/30/2012	\$353,995	\$0	\$436,247	\$(18,279)	\$417,969	\$771,964	\$47,425	\$15,197	\$(747)	\$14,450	\$61,875
6/30/2013	1,342,899	9,413	833,785	(36,557)	797,228	2,149,540	161,285	26,876	(1,494)	25,382	186,667
6/30/2014	1,266,297	7,735	780,851	(36,557)	744,294	2,018,326	170,710	17,450	(1,494)	15,956	186,666
6/30/2015	1,128,428	7,686	728,595	(36,557)	692,038	1,828,152	178,390	9,773	(1,494)	8,279	186,669
6/30/2016	1,176,015	6,652	677,145	(36,557)	640,588	1,823,254	11,390	4,098	(1,434)	2,664	14,054
6/30/2017	952,287	5,580	625,688	(36,557)	589,131	1,546,997	11,635	3,720	(1,302)	2,418	14,053
6/30/2018	890,300	4,237	581,076	(36,557)	544,518	1,439,055	11,925	3,277	(1,147)	2,130	14,055
6/30/2019	874,266	3,688	537,247	(36,557)	500,690	1,378,644	12,245	2,780	(973)	1,807	14,052
6/30/2020	870,829	2,970	495,789	(36,300)	459,489	1,333,288	12,600	2,235	(782)	1,453	14,053
6/30/2021	1,133,033	2,566	446,606	(35,014)	411,593	1,547,191	12,985	1,648	(577)	1,071	14,056
6/30/2022	1,036,371	2,274	395,098	(32,698)	362,400	1,401,044	13,390	1,020	(357)	663	14,053
6/30/2023	814,238	2,130	349,448	(31,412)	318,036	1,134,403	<u>13,830</u>	<u>348</u>	<u>(122)</u>	<u>226</u>	<u>14,056</u>
6/30/2024	764,750	1,796	311,112	(31,295)	279,817	1,046,364					
6/30/2025	711,860	1,679	276,229	(31,295)	244,934	958,473					
6/30/2026	664,501	1,577	243,763	(30,776)	212,987	879,065					
6/30/2027	575,599	1,524	214,822	(30,203)	184,619	761,742					
6/30/2028	535,965	1,667	189,596	(28,953)	160,643	698,275					
6/30/2029	643,744	1,021	162,772	(26,687)	136,085	780,849					
6/30/2030	604,701	623	131,113	(22,892)	108,221	713,545					
6/30/2031	517,331	355	97,984	(16,808)	81,176	598,863					
6/30/2032	258,797	157	82,021	(14,776)	67,245	326,199					
6/30/2033	187,300		69,908	(12,440)	57,468	244,768					
6/30/2034	188,585		60,460	(11,068)	49,392	237,977					
6/30/2035	196,755		50,745	(9,647)	41,098	237,853					
6/30/2036	205,130		40,643	(8,177)	32,466	237,596					
6/30/2037	214,730		30,106	(6,654)	23,452	238,182					
6/30/2038	194,135		19,102	(5,077)	14,025	208,160					
6/30/2039	123,805		10,940	(3,445)	7,495	131,300					
6/30/2040	91,905		4,596	(1,609)	2,988	94,893					
TOTAL	\$18,518,550	\$65,328	\$8,883,490	\$(701,404)	\$8,182,085	\$26,765,963	\$657,810	\$88,422	\$(11,923)	\$76,499	\$734,309

Period Ending	Special Obligation Revenue Bonds (Convention Center)			Special Obligation Revenue Bonds (CTF-Accelerated Bridge Program) Build America					Special Obligation Revenue Bonds (Gas Tax)		
	Principal	Interest	Debt Service	Principal	Gross Interest	Bonds Subsidies	Net Interest	Debt Service	Principal	Interest	Debt Service
6/30/2012		\$17,243	\$17,243		\$16,312	\$(6,157)	\$10,155	\$10,155	\$39,135	\$9,902	\$49,037
6/30/2013		34,486	34,486		32,623	(12,314)	20,309	20,309	41,150	17,772	58,922
6/30/2014		34,486	34,486		32,623	(12,314)	20,309	20,309	37,170	15,534	52,704
6/30/2015	\$19,995	34,486	54,481		32,623	(12,314)	20,309	20,309	39,070	13,631	52,701
6/30/2016	21,075	33,436	54,511		32,623	(12,314)	20,309	20,309	39,900	11,482	51,382
6/30/2017	22,210	32,330	54,540		32,623	(12,314)	20,309	20,309	42,465	9,287	51,752
6/30/2018	23,310	31,164	54,474		32,623	(12,314)	20,309	20,309	23,040	7,261	30,301
6/30/2019	24,475	30,126	54,601		32,623	(12,314)	20,309	20,309	24,300	5,994	30,294
6/30/2020	23,380	28,842	52,222		32,623	(12,314)	20,309	20,309	25,640	4,658	30,298
6/30/2021	24,610	27,673	52,283		32,623	(12,314)	20,309	20,309	26,905	3,392	30,297
6/30/2022	25,970	26,380	52,350		32,623	(12,314)	20,309	20,309	28,385	1,912	30,297
6/30/2023	27,440	24,952	52,392		32,623	(12,314)	20,309	20,309	9,520	476	9,996
6/30/2024	28,990	23,443	52,433	\$21,325	32,623	(12,314)	20,309	41,634	0	0	0
6/30/2025	30,625	21,848	52,473	22,395	31,546	(11,937)	19,609	42,004	0	0	0
6/30/2026	32,360	20,164	52,524	23,550	30,381	(11,529)	18,851	42,401	0	0	0
6/30/2027	34,190	18,384	52,574	24,860	29,054	(11,065)	17,989	42,849	0	0	0
6/30/2028	36,125	16,504	52,629	26,245	27,655	(10,575)	17,079	43,324	0	0	0
6/30/2029	38,170	14,517	52,687	27,710	26,177	(10,058)	16,119	43,829	0	0	0
6/30/2030	40,330	12,418	52,748	29,250	24,616	(9,512)	15,105	44,355	0	0	0
6/30/2031	42,610	10,199	52,809	30,880	22,969	(8,935)	14,034	44,914	0	0	0
6/30/2032	45,020	7,856	52,876	32,635	21,200	(8,316)	12,884	45,519	0	0	0
6/30/2033	47,565	5,380	52,945	34,485	19,329	(7,661)	11,668	46,153	0	0	0
6/30/2034	50,250	2,764	53,014	36,440	17,353	(6,970)	10,383	46,823	0	0	0
6/30/2035				38,505	15,265	(6,239)	9,026	47,531	0	0	0
6/30/2036				40,685	13,058	(5,466)	7,591	48,276	0	0	0
6/30/2037				42,995	10,726	(4,650)	6,076	49,071	0	0	0
6/30/2038				45,430	8,262	(3,718)	4,544	49,974	0	0	0
6/30/2039				48,005	5,659	(2,546)	3,112	51,117	0	0	0
6/30/2040				50,730	2,907	(1,308)	1,599	52,329	0	0	0
TOTAL	\$638,700	\$509,081	\$1,147,781	\$576,125	\$713,947	\$(274,414)	\$439,533	\$1,015,658	\$376,680	\$101,300	\$477,980

SOURCE: Office of the Comptroller.

(1) Totals may not add due to rounding.

Liquidity Facilities

The following table describes the liquidity facilities that the Commonwealth had in connection with certain of its outstanding bond issues as of December 31, 2011.

<u>Variable Rate Bonds</u>	<u>Facility Amount (in thousands)</u>	<u>Bank</u>	<u>Facility Type</u>	<u>Termination Date</u>
1997 Series B (Refunding)	\$271,280	Helaba(1)	Line	2/08/2012
1998 Series A (Refunding)	\$222,355	JP Morgan Chase Bank	Line	3/12/2013
2000 Series A	\$200,000	Bank of America	Line	12/23/2014
2000 Series B	\$75,590	State Street Bank	Line	3/29/2012
2001 Series B (Refunding)	\$248,110	Landesbank Hessen- Thuringen (Helaba)(2)	Line	2/08/2012
2001 Series C (Refunding)	\$248,115	State Street Bank	Line	2/20/2014
2006 Series A	\$150,000	Wells Fargo Bank, National Association	Line	8/15/2014
2006 Series B	\$200,000	Bank of America	Line	4/02/2012

SOURCE: Office of the Treasurer and Receiver General.

(1) The Commonwealth will replace Helaba with JPMorgan Chase Bank effective 1/11/2012.

(2) The Commonwealth is currently negotiating with other banks to replace the existing bank on this facility.

Budgetary Contract Assistance Liabilities

City of Chelsea Commonwealth Lease Revenue Bonds. In November, 1993, the Chelsea Industrial Development Financing Authority issued approximately \$95.8 million of lease revenue bonds. The proceeds of the bonds were loaned to the Massachusetts Industrial Finance Agency (now MassDevelopment) and applied to the cost of the Massachusetts Information Technology Center, a tax and data processing facility of the Department of Revenue and certain other departments and agencies of the Commonwealth. The bonds bore interest at a variable rate, and under two interest rate swap agreements that were entered into at the time with Lehman Brothers Special Financing, Inc. (LBSF), MassDevelopment received variable rate payments with respect to the bonds and was obligated to make fixed rate payments in exchange therefor. Simultaneously with the issuance of the bonds, the Commonwealth entered into a 30-year lease, which provided for the payment of debt service on the bonds, including swap related payments, and certain other expenses associated with the project. In September, 2008, LBSF and its parent, Lehman Brothers Holdings Inc. (LBHI), filed for bankruptcy. In December, 2008, the bonds were refinanced by the Commonwealth through the issuance of general obligation debt, and the Commonwealth made a \$2.3 million payment to LBSF to terminate the swap agreements. In May, 2010, LBHI advised the Executive Office for Administration and Finance that it calculated the termination value to be approximately \$13.7 million. In June, 2011, LBHI issued a subpoena to the Executive Office for Administration and Finance relating to the termination of the swap agreements. Any obligation of the Commonwealth with respect to this termination does not constitute a general obligation or a pledge of the credit of the Commonwealth or of MassDevelopment and is subject to appropriation by the Legislature.

Authorized but Unissued Debt

<u>Fiscal Year</u>	<u>Authorized But Unissued Debt</u>
2007	8,349,391
2008	7,043,446
2009	19,517,272
2010	18,516,310
2011	15,870,432

SOURCE: Office of the Comptroller.

See the March Information Statement under the heading "LONG-TERM LIABILITIES--Authorized But Unissued Debt."

COMMONWEALTH CAPITAL INVESTMENT PLAN

In November, 2011, the Governor released a five-year capital investment plan for fiscal 2012 through fiscal 2016, totaling over \$17.3 billion. With the release of the plan, the Governor announced that the bond cap is expected to be \$1.75 billion for fiscal 2012, plus \$148 million in unused bond cap from fiscal 2011 which has been carried forward to support spending in fiscal 2012. The bond cap for fiscal 2013 is projected to be \$1.875 billion, and is projected to increase by \$125 million in each subsequent fiscal year through fiscal 2016.

The following table shows the annual bond cap, the resulting estimated total annual debt service payment obligations and the estimated debt service as a percentage of estimated budgeted revenues, all as presented in the debt affordability analysis released in November, 2011.

Bond Cap (in thousands)

	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>	<u>Fiscal 2016</u>
Bond Cap (1)	\$1,898,000	\$1,875,000	\$2,000,000	\$2,125,000	\$2,250,000
Total Debt Service Obligations	2,155,501	2,362,788	2,435,106	2,516,124	2,685,599
Estimated Budgeted Revenues	32,266,808	33,117,853	34,106,820	35,125,321	36,178,258
Debt Service as % of Budgeted Revenues	6.68%	7.13%	7.14%	7.16%	7.42%

SOURCE: Executive Office for Administration and Finance, Debt Affordability Analysis, released November, 2011.

(1) Includes \$148 million of fiscal 2011 unused bond cap that has been carried forward to fiscal 2012.

In terms of funding from the U.S. government for surface transportation and transit projects, the 2005 multi-year national highway bill - Safe, Accountable, Flexible, Efficient Transportation Equity Act - A Legacy for Users (SAFETEA-LU) - expired in 2009. Since then, the authorization for federal transportation programs (as funded by 14.1¢ of the 18.4¢ in federal gasoline taxes and 20.1¢ of the 24.4¢ in federal diesel taxes) has been extended several times, most recently on September 19, 2011 until March 31, 2012. The U. S. Congress will need to continue passing additional continuing resolutions, or perhaps several short-term measures, to keep surface transportation programs funded until such time as a new highway bill is enacted. Ideally, a new, multi-year highway reauthorization bill will be passed which will allow for multi-year contracts to be extended which is critical for large surface transportation infrastructure projects to be undertaken and completed.

The U. S. Senate and the U. S. House of Representatives are currently considering conflicting proposals for the long-term reauthorization of the program. The Senate is proposing a two-year extension at existing funding levels, which would require approximately \$12 billion in additional federal revenues, either through a revenue increase or a reallocation of budget authority from other programs. The House is proposing a six-year extension funded from existing revenue streams, which would translate into a reduction of approximately 30% in federal transportation funding.

The Commonwealth is monitoring these developments and developing contingency plans for each.

For the table in the March Information Statement captioned "Capital Investment Plan - Sources of Funds," the forecast for federal funding was based on level funding from the prior year.

See the March Information Statement under the heading "COMMONWEALTH CAPITAL INVESTMENT PLAN."

LEGAL MATTERS

Matters described in the March Information Statement under the heading "LEGAL MATTERS" are updated as follows:

Programs and Services

Rosie D., et al. v. The Governor, United States District Court, Western Division. MassHealth estimates that its implementation of program changes in compliance with the Remedy Order will increase its costs, including administrative costs, by approximately \$215 million annually.

Disability Law Center, Inc. v. Massachusetts Department of Correction et al., United States District Court. In December, 2011, the parties entered into a settlement agreement, which is subject to court approval. In order to implement the terms of the settlement, the Department of Corrections will need to hire additional staff at a cost of approximately \$5.6 million per year.

Finch, et al. v. Commonwealth Health Insurance Connector Authority, et al. Finch, et al. v. Commonwealth Health Insurance Connector Authority, et al. On January 5, 2012, the Supreme Judicial Court held that the Massachusetts statute limiting the eligibility of many legal immigrants for Commonwealth Care violates the equal protection provisions of the Massachusetts Constitution. This decision has significant fiscal implications for the Commonwealth, adding several tens of million dollars in costs in fiscal 2012 and more than \$150 million in annual costs in fiscal 2013. The Executive Office for Administration and Finance and the Commonwealth Health Insurance Connector Authority are working expeditiously to identify the resources required, obtain needed appropriations of funds by the Legislature, and determine and implement the operational steps that must be taken to integrate all eligible, legal immigrants into the Commonwealth Care program in accordance with the Court's decision as quickly as possible.

Connor B., ex rel. Vigurs, et al. v. Patrick, et al., United States District Court, Western Division. On September 6, 2011, the defendants moved to decertify the class on the basis of *Wal-Mart Stores, Inc. v. Dukes*, 131 S.Ct. 2541 (2011), but this motion was denied on November 10, 2011.

Massachusetts Community College Council, Inc., et al. v. Board of Higher Education, et al., Suffolk County Superior Court. In July, 2011, the complaint was amended to name additional defendants, namely the boards of trustees of several community colleges. While the case is not a class action, if the plaintiffs prevail, it is expected that the Commonwealth would likely make similarly situated persons eligible for coverage or contribution. If plaintiffs obtain rights to enroll in GIC health care coverage, those who would become eligible for enrollment in GIC health insurance coverage might also successfully argue for pension benefits in a separate, subsequent proceeding. It is not possible, at this time, to accurately estimate the costs that would be incurred if the plaintiffs prevail, but it appears that funding for any health care coverage for the individual plaintiffs as a result of this action would be from funds controlled by the board of trustees of each community college employing a plaintiff. The state law governing community colleges provides that the division of continuing education is to be run at no expense to the Commonwealth.

Medicaid Audits and Regulatory Reviews

In re: Centers for Medicare and Medicaid Services regulations (Uncompensated Care Pool/Health Safety Net Trust Fund). By the end of pool fiscal year 2012 the Commonwealth will have collected an estimated \$5.157 billion in acute hospital assessments since 1990 and an estimated \$2.037 billion in surcharge payments since 1998.

In re: Disallowance of 2005 MassHealth acute hospital supplemental payments. In February 2011, CMS sent EOHHS a Notice of Disallowance of \$25,543,963 in FFP for payments to UMMHC. EOHHS filed a Request for Reconsideration with the U.S. Department of Health and Human Services on March 31, 2011.

Boston Medical Center Corp. and Boston Medical Center Health Plan, Inc. v. Secretary of the Executive Office of Health and Human Services, Suffolk Superior Court. Plaintiffs have appealed to the Massachusetts Appeals Court, and their appellate brief was filed on September 30, 2011. Boston Medical Center's appeal and Holyoke Medical Center's appeal (see below) were consolidated. The Commonwealth's consolidated brief was filed on October 28, 2011.

Holyoke Medical Center, Inc., et al. v. Secretary of the Executive Office of Health & Human Services, Suffolk Superior Court. Plaintiffs have appealed to the Massachusetts Appeals Court, and their appellate brief was filed on September 30, 2011. Holyoke Medical Center's appeal and Boston Medical Center's appeal (see above) were consolidated. The Commonwealth's consolidated brief was filed on October 28, 2011.

Taxes

Feeney, et al. v. Dell, Inc. v. Commissioner of Revenue, Middlesex Superior Court. On November 3, 2011, the Superior Court denied Dell's renewed motion to dismiss. Subsequently, the Appeals Court granted Dell's request to consider an interlocutory appeal from that ruling; the appeal is now pending on the Appeals Court's docket.

Vodafone Americas, Inc. v. Commissioner of Revenue, Appellate Tax Board. In June, 2011, the parties entered into a broad settlement of these and other issues in this dispute, requiring the Commonwealth to issue a refund to Vodafone in the amount of approximately \$170,000.

Other Revenues

Commonwealth of Massachusetts v. Philip Morris Inc., RJ Reynolds Tobacco Company, Lorillard Tobacco Company, et al., Supreme Judicial Court, Middlesex Superior Court (a/k/a the Tobacco Master Settlement Agreement, Nonparticipating Manufacturer ("NPM") Adjustment Dispute)(2003 NPM Adjustment). On November 3, 2011, the manufacturers advised the arbitrators that Massachusetts was one of 14 states and territories whose claims of "diligence" were no longer being contested. Since the December 5, 2011 deadline for any state to challenge the claim of another state has passed, Massachusetts's claim to its allocable share of the 2003 NPM Adjustment is no longer in dispute. Massachusetts can expect to receive approximately \$30 million withheld by certain manufacturers from the payment due April 15, 2006. Due to certain reallocation provisions of the MSA and orders entered by the arbitration panel, Massachusetts cannot expect to receive this money before 2013, after resolution of the contested states' claims by the arbitration panel. Those hearings will begin in May, 2012 and are not expected to be concluded before the end of calendar year 2012.

Grand River Enterprises Six Nations, Ltd. v. William Pryor, et al., United States District Court, New York. The court has granted the states' summary judgment motion on all counts, prompting the plaintiff to file a motion for reconsideration and a notice of appeal with the United States Court of Appeals for the Second Circuit.

Sandra Murphy, et al. v. Massachusetts Turnpike Authority, Supreme Judicial Court. Plaintiffs' motion for direct appellate relief was allowed on May 25, 2011. Plaintiffs' initial brief and the Turnpike Authority's brief have both been filed with the court. Plaintiffs filed a reply brief on December 16, 2011. Oral argument has not yet been scheduled.

Carol Surprenant v. Massachusetts Turnpike Authority, Massachusetts Port Authority, and Massachusetts Department of Transportation. United States District Court. The Plaintiff has voluntarily dismissed her appeal, and a judgment of dismissal was entered on August 4, 2011.

Environment

National Association of Government Employees v. Commonwealth, Suffolk Superior Court, and *Association of County Employees v. McDonald*, Plymouth Superior Court. Although the Supreme Judicial Court's opinion in *Boston Housing Auth. v. National Conf. of Firemen & Oilers, Local 3*, held evergreen clauses to be generally invalid, the recently enacted Chapter 198 of the Acts of 2011 revived certain ones.

Other

Perini Corp., Kiewit Construction Corp., Jay Cashman, Inc. d/b/a Perino-Kiewit-Cashman Joint Venture v. Commonwealth. In several related cases and potential litigation, plaintiffs make claims for alleged increased costs arising from differing site conditions and other causes of delay on the Central Artery/Ted Williams Tunnel project. Plaintiffs have asserted claims in excess of \$160 million. These claims are at various stages of resolution, including

the Superior Court and the Central Artery Tunnel Project Dispute Review Board ("DRB") panel. The DRB has issued decisions on some of the claims, awarding plaintiffs approximately \$69.6 million on claims of approximately \$102.8 million. Those decisions are now the subject of further court proceedings. Plaintiffs also still have in excess of \$62 million in claims pending.

In May, 2011, the Massachusetts Appeals Court upheld the award of approximately \$5 million in post-award interest on two DRB awards and the Supreme Judicial Court denied the Commonwealth's request for further appellate review of that decision.

Local 589, Amalgamated Transit Union, et al. v. Commonwealth of Massachusetts, et al., Suffolk Superior Court. On April 13, 2011, the Superior Court (a) approved the voluntary filing of an amended complaint by plaintiffs that had the effect of dropping the pension claims from the case, and (b) entered summary judgment for the Commonwealth on the remaining health-insurance claims. The plaintiffs have appealed the entry of summary judgment on the health-insurance claims, and the Superior Court is in the process of assembling the appellate record.

In November, 2011, the Legislature enacted Chapter 189 of the Acts of 2011, which amends the 2009 transportation reform legislation to allow the MBTA to engage in collective bargaining over supplemental health insurance coverage that provides benefits above and beyond that provided by the Group Insurance Commission.

OPEIU, Local 6 and the Massachusetts Trial Court. In April, 2011, the Governor signed a supplemental budget containing a \$30 million appropriation to the Trial Court that will be applied toward the arbitration award. OPEIU, Local 6 has since agreed to dismiss the Superior Court action.

New Legal Matters

The matters described below commenced after the March Information Statement was published.

Disability Policy Consortium, Inc., et al v. Commonwealth of Massachusetts. United States District Court. On July 26, 2011, the Disability Policy Consortium, Inc. (DPC) and eight individuals, claiming to be "qualified individuals" within the definition of the Americans with Disabilities Act Title II (ADA) and Section 504 of the Rehabilitation Act, filed suit in federal district court alleging that MassHealth does not meet its obligations under the ADA and Section 504 of the Rehabilitation Act. Plaintiffs claim that MassHealth forms, materials and other information are not accessible to persons with visual, hearing or other developmental/cognitive disabilities and that MassHealth has failed to provide plaintiffs reasonable accommodations required under the ADA and other federal laws so that they can access services, complete forms, and access notices, bills and other materials. Plaintiffs also allege that MassHealth's violations of the ADA and the Rehabilitation Act are intentional and longstanding. Plaintiffs seek injunctive relief, money damages and reasonable attorney's fees and costs. Defendant has filed an answer and the matter is now in the discovery phase.

Administrative proceeding regarding challenge to MassHealth's payment system for acute hospital outpatient services. A total of 60 petitioners have filed claims for administrative hearings before the MassHealth Board of Hearings (BOH), challenging MassHealth's former Ambulatory Payment Group (APG) payment system for acute hospital outpatient services. The petitioners generally claim that there were errors in the payment system that resulted in incorrect payments to the petitioners, and that MassHealth's efforts to correct those errors through a "parallel system" were ineffective and continued to result in incorrect payments from October, 1997 through December, 2003. While a number of these petitioners had entered into settlements regarding payments for services provided from October, 1997 through December, 2000, the administrative appeals of all 60 petitioners involve payments for the period 2001 through 2003, and for some of those petitioners the appeals involve payments for the entire time period. Five of the 60 petitioners had filed complaints in Superior Court in 2005. The Superior Court actions were stayed in 2007 and remanded to BOH. The current BOH hearing began on November 6, 2008 and is ongoing. During the course of these proceedings, MassHealth agreed to rerun and reprice the disputed claims, the results of which may form the basis for a potential global settlement. Of the 60 petitioners that filed claims regarding incorrect payments from the former APG system, only five petitioners have proposed a specific written dollar settlement associated with those claims. The aggregate dollar settlement amount proposed by only those petitioners is approximately \$10.4 million. The dollar amount associated with the claims made by the rest of the petitioners could be significantly more.

Home Depot U.S.A., Inc. v. Commissioner of Revenue, Appellate Tax Board. On or about October 13, 2011, Home Depot USA filed a withdrawal with prejudice at the Appellate Tax Board. The Commissioner retained the entire amount at issue.

Potential suit asserting a sales/use tax abatement claim. This matter involves a tax abatement claim in the amount of \$21.8 million filed as a result of a class action suit against the taxpayer. This matter has not been filed with the Appellate Tax Board.

Potential suit asserting corporate excise/public utilities (M.G.L. c. 63) abatement claims. The taxpayer and related entities have filed amended returns/abatements seeking \$96 million. This matter has not yet been filed with the Appellate Tax Board.

Slater et al. v. Harold W. Clarke et al., United States District Court, Washington, and United States Court of Appeals for the Ninth Circuit (interlocutory appeal). Plaintiffs in this civil suit seek damages and injunctive and declaratory relief from a number of Massachusetts defendants, including current or former employees of the Department of Correction, the Commonwealth Fusion Center, the Executive Office of Public Safety and Security, and the Worcester County District Attorney's Office, in connection with the murders of Beverly and Brian Mauck, in Washington State, by Daniel Tavares, a former Massachusetts inmate. Plaintiffs allege that Massachusetts officials improperly and prematurely released Tavares from Massachusetts custody and that, after Tavares fled to Washington State, Massachusetts officials failed to extradite Tavares, knowing that he posed a danger to Washington residents.

Plaintiffs voluntarily dismissed the suit against the former Commissioner of the Department of Correction, Harold W. Clarke. The remaining defendants moved to dismiss the complaint on the grounds of lack of personal jurisdiction, absolute prosecutorial immunity, qualified immunity, and failure to state a claim upon which relief may be granted. The court dismissed the case against William Lochrie, an employee of the Department of Correction Office of Investigative Services, for lack of personal jurisdiction. The court denied the motions to dismiss of the remaining defendants with respect to personal jurisdiction and absolute immunity. The court has yet to rule on the remaining issues raised in defendants' motions to dismiss. Defendants filed a notice of interlocutory appeal to the Ninth Circuit Court of Appeals on the issues of personal jurisdiction and absolute immunity. The appeal has been docketed and remains pending.

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of general and special laws and of other documents set forth or referred to in the March Information Statement and this Supplement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

The March Information Statement and this Supplement contain certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and others.

All estimates and assumptions in the March Information Statement and this Supplement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in the March Information Statement and this Supplement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in the March Information Statement and this Supplement are subject to change without notice. Neither the delivery of this Supplement nor any sale made pursuant to any official statement of which the March Information Statement and this Supplement are a part shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Supplement, except as expressly stated.

CONTINUING DISCLOSURE

The Commonwealth prepares its Statutory Basis Financial Report and its Comprehensive Annual Financial Report with respect to each fiscal year ending June 30. The Statutory Basis Financial Report becomes available by October 31 of the following fiscal year and the Comprehensive Annual Financial Report becomes available in January of the following fiscal year. Copies of such reports and other financial reports of the Comptroller referenced in this document may be obtained by requesting the same in writing from the Office of the Comptroller, One Ashburton Place, Room 909, Boston, Massachusetts 02108. The financial statements are also available at the Comptroller's web site located at <http://www.mass.gov/osc> by clicking on "Financial Reports/Audits."

On behalf of the Commonwealth, the State Treasurer will provide to the Municipal Securities Rulemaking Board (MSRB), no later than 270 days after the end of each fiscal year of the Commonwealth, certain financial information and operating data relating to such fiscal year, as provided in Rule 15c2-12 of the federal Securities and Exchange Commission, together with audited financial statements of the Commonwealth for such fiscal year. To date, the Commonwealth has complied with all of its continuing disclosure undertakings relating to the general obligation debt of the Commonwealth and has not failed in the last seven years to comply with its continuing disclosure undertakings with respect to its special obligation debt and federal grant anticipation notes. However, the annual filings relating to the fiscal year ended June 30, 2001 for the Commonwealth's special obligation debt and for the Commonwealth's federal highway grant anticipation notes were filed two days late, on March 29, 2002. Proper notice of the late filings was provided on March 29, 2002 to the MSRB.

The Department of the State Auditor audits all agencies, departments and authorities of the Commonwealth at least every two years. Copies of audit reports may be obtained from the State Auditor, State House, Room 229, Boston, Massachusetts 02133.

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding the March Information Statement or this Supplement or requests for additional information concerning the Commonwealth should be directed to Colin MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, or to Scott Jordan, Assistant Secretary for Capital Finance and Intergovernmental Affairs, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to the March Information Statement or this Supplement should be directed to John R. Regier, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 348-1720.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Steven Grossman
Steven Grossman
Treasurer and Receiver-General

By /s/ Jay Gonzalez
Jay Gonzalez
Secretary of Administration and Finance

January 9, 2012

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

Upon delivery of the Refunding Bonds described below, Bond Counsel proposes to deliver an opinion in substantially the following form:



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

[Date of Delivery]

The Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

\$171,145,000
The Commonwealth of Massachusetts
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

Hon. Steven Grossman
[Date of Delivery]

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS WILDMAN PALMER LLP

Upon delivery of the Consolidated Bonds described below, Bond Counsel proposes to deliver an opinion in substantially the following form:



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

[Date of Delivery]

The Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

\$291,705,000
The Commonwealth of Massachusetts
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to become

Hon. Steven Grossman
[Date of Delivery]

included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS WILDMAN PALMER LLP

The Commonwealth of Massachusetts

\$171,145,000
 General Obligation Refunding Bonds
 (SIFMA Index Bonds)
 2012 Series A

\$291,705,000
 General Obligation Bonds
 Consolidated Loan of 2012, Series A
 (SIFMA Index Bonds)

Continuing Disclosure Undertaking
 [to be included in bond form]

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2012, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth's failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth's Information Statement dated March 15, 2011 (the "Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A, which Official Statement has been filed with EMMA, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	"COMMONWEALTH REVENUE AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures"
2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	"SELECTED FINANCIAL DATA – GAAP Basis"
3. Summary presentation on a five-year comparative basis of lottery revenues and profits	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Lottery Revenues</i> "

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Tobacco Settlement</i> "
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	"COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues"
6. Summary description of the retirement systems for which the Commonwealth is responsible, including membership and contribution rates.	"PENSION AND OPEB FUNDING – Retirement Systems" and "PENSION AND OPEB FUNDING – Employee Contributions."
7. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	"PENSION AND OPEB FUNDING – Funding Schedule."
8. Summary presentation on a five-year comparative basis of actuarial valuations of pension fund assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Actuarial Valuations."
9. Summary presentation on a five-year comparative basis of annual required pension contributions under GAAP and pension contributions made.	"PENSION AND OPEB FUNDING – Annual Required Contributions."
10. Summary presentation on a five-year comparative basis of PRIT Fund asset allocation and investment returns.	"PENSION AND OPEB FUNDING – PRIT Fund Investments."
11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Other Post-Retirement Employee Benefit Obligations (OPEB)."
12. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	"STATE WORKFORCE"
13. Five-year summary presentation of actual capital project expenditures	"COMMONWEALTH CAPITAL INVESTMENT PLAN"
14. Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – General and Special Obligation Long-Term Debt Issuance and Repayment Analysis"
15. Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – Outstanding Long Term Commonwealth Debt"
16. Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Debt Service Requirements"

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
17. Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year	"LONG-TERM LIABILITIES – General Obligation Contract Assistance Liabilities"
18. Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Budgetary Contract Assistance Liabilities"
19. Five-year summary presentation of authorized but unissued general obligation debt	"LONG-TERM LIABILITIES – Authorized But Unissued Debt"
20. So long as Commonwealth statutes impose a limit on the amount of outstanding "direct" bonds, information as to compliance therewith as of the end of the prior fiscal year	"LONG-TERM LIABILITIES – General Authority to Borrow; <i>Statutory Limit on Direct Debt</i> "
21. Summary presentation of the then-current, Commonwealth interest rate swap agreements	"LONG-TERM LIABILITIES – Interest Rate Swaps"
22. Summary presentation of the then-current, Commonwealth liquidity facilities	"LONG-TERM LIABILITIES – Liquidity Facilities"

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Commonwealth, which have been submitted to EMMA. The Commonwealth's annual financial statements for each fiscal year shall consist of (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the Massachusetts General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with generally accepted accounting principles in effect from time to time and shall be audited by a firm of certified public accountants appointed by the Commonwealth.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;^{1/}
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

^{1/}Not applicable to the Bonds, since there is no debt service reserve fund securing the Bonds.

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;^{2/}
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;^{3/}
- (xiv) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.^{4/}

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid, provided; however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this Bond

^{2/}Not applicable to the Bonds, since there is no property securing repayment of the Bonds that could be released, substituted or sold.

^{3/} As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

^{4/} Not applicable to the Bonds.

relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation establishing a state information depository or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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THE COMMONWEALTH OF MASSACHUSETTS



\$171,145,000
GENERAL OBLIGATION
REFUNDING BONDS
(SIFMA INDEX BONDS)
2012 SERIES A

\$291,705,000
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012,
SERIES A
(SIFMA INDEX BONDS)

BOND PURCHASE AGREEMENT

January 18, 2012

THE COMMONWEALTH OF MASSACHUSETTS

c/o Steven Grossman
Treasurer and Receiver-General
State House
Boston, Massachusetts 02133

Ladies and Gentlemen:

The undersigned (hereinafter sometimes called the "Underwriters"), acting on behalf of themselves, offer to enter into this Bond Purchase Agreement with The Commonwealth of Massachusetts (hereinafter sometimes called the "Commonwealth") which, upon your acceptance of this offer, will be binding upon you and the Underwriters. This offer is made subject to the Commonwealth's written acceptance of this Bond Purchase Agreement on or before 5:00 p.m., Boston time, on January 18, 2012 and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Commonwealth at any time prior to the acceptance hereof by the Commonwealth. You have heretofore delivered to us the Preliminary Official Statement of the Commonwealth dated January 13, 2012 (the "Preliminary Official Statement").

Pursuant to the Constitution and laws of The Commonwealth of Massachusetts, the Commonwealth is authorized to and intends to issue \$171,145,000 aggregate principal amount of the Commonwealth's General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A (the "Refunding Bonds") and \$291,705,000 General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Consolidated Bonds") and collectively with the Refunding Bonds, the "Bonds"). The Bonds will be dated the date of delivery, shall have the maturities and bear interest at the rates per annum, shall be payable as to principal and interest on the dates, and be subject to optional redemption all as set forth in the Official Statement dated January 18, 2012 relating to the Bonds (which, together with the cover and inside pages and all appendices thereto, as the same from time to time may be amended or supplemented in accordance herewith, including the Information Statement of the Commonwealth dated March 15, 2011 and the Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (together with any subsequent filings by the Commonwealth to the Electronic Municipal Market Access system, prior to the date hereof, of continuing disclosure documents identified as "other financial/operating data") (collectively, the "Information Statement"), is herein called the "Official Statement").

1. Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Commonwealth, and the Commonwealth hereby agrees to sell and deliver to the Underwriters, (i) all (but not less than all) of the \$171,145,000 aggregate principal amount of the Refunding Bonds; and (ii) all (but not less than all) of the \$291,705,000 aggregate principal amount of the Consolidated Bonds. The purchase price for all of the Refunding Bonds and the Consolidated Bonds shall be the amounts set forth as the Purchase Price thereof in Exhibit A attached hereto, calculated as shown in Exhibit A.

2. We represent that the Underwriters have designated Citigroup Global Markets Inc. ("Citigroup") as their representative and that Citigroup has been duly authorized to execute all closing documents and certificates relating to the issuance of the Bonds by and on behalf of the other Underwriters pursuant to an Agreement Among Underwriters dated January 17, 2012, by and among Citigroup and the other Underwriters.

3. The Underwriters agree to make a bona fide public offering of all of the Bonds at not in excess of the initial public offering prices or less than the yields set forth on the inside cover of the Official Statement. The Bonds may be offered and sold to certain dealers and others (including Underwriters and other dealers depositing Bonds into investment trusts or mutual funds) at prices lower than such public offering prices or at yields higher than such public offering yields. On or before the date of the Closing (as defined in Paragraph 7 hereof), the Underwriters shall furnish to the Commonwealth a certificate acceptable to Edwards Wildman Palmer LLP, bond counsel to the Commonwealth ("Bond Counsel"), establishing the issue price of the Bonds for purposes of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Delivered to the Commonwealth herewith is a corporate check of Citigroup payable to the order of the Commonwealth in the amount of \$4,630,550 to assure performance by the Underwriters of their obligations hereunder. The Commonwealth agrees to hold such check uncashed and upon satisfaction of all such obligations, or in the event that the Commonwealth does not accept this offer, such check shall be immediately returned to the Underwriters. In the event of the Commonwealth's failure to deliver the Bonds at the Closing, or if the Commonwealth shall be unable to satisfy the conditions of the obligations of the Underwriters contained herein, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement, such check shall be immediately returned to the Underwriters, and such return shall constitute a full release and discharge of all claims by the Underwriters arising out of the transactions contemplated hereby. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept delivery of and to pay for the Bonds at the Closing as herein provided, the amount of such check shall be retained by the Commonwealth as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters, and such retention shall constitute a full release and discharge of all claims by the Commonwealth against the Underwriters arising out of the transactions contemplated hereby. If the Closing occurs, such check shall be returned to Citigroup concurrently with the Closing.

5. At the time of or as soon as practicable after the Commonwealth's acceptance hereof, the Commonwealth shall deliver to the Underwriters two copies of the Official Statement, dated as of the date of the Commonwealth's acceptance hereof, executed on behalf of the Commonwealth by its Treasurer and Receiver-General (the "Treasurer") and its Secretary of Administration and Finance (the "Secretary").

The Commonwealth hereby authorizes the use by the Underwriters in connection with the public offering and sale of the Bonds of the Official Statement (as the same may be supplemented or amended as hereinafter provided). The Commonwealth hereby ratifies the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Commonwealth agrees pursuant to paragraph (b)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to provide the Underwriters not later than seven business days after the date hereof (and in any event at least two business days prior to the Closing) such number of copies of the Official Statement as may be reasonably requested by the Underwriters in order for the Underwriters to comply with the requirements of Rule 15c2-12 and applicable rules of the Municipal Securities Rulemaking Board, and hereby confirms that the Official Statement is the final Official Statement within the meaning of paragraph (e)(3) of Rule 15c2-12. As of the date of the Preliminary Official Statement the Commonwealth deemed the Preliminary Official Statement "final" as that term is used in paragraph (b)(1) of Rule 15c2-12.

6. The Commonwealth represents and warrants to and agrees with the Underwriters (and it shall be a condition of the obligation of the Underwriters to purchase and accept delivery of the Bonds that the Commonwealth shall so represent and warrant as of the date of the Closing) that:

(a) The Commonwealth has, and at the date of the Closing will have, full legal right, power and authority to enter into this Bond Purchase Agreement and to perform the covenants set forth in the Bonds and to issue and deliver the Bonds to the Underwriters as provided herein and to carry out and consummate all other transactions contemplated by this Bond Purchase Agreement, and at the date of the Closing, the Commonwealth will have taken all necessary action required to make this Bond Purchase Agreement and the Bonds valid and binding obligations of the Commonwealth, and when executed and delivered, this Bond Purchase Agreement will constitute the valid and binding obligation of the Commonwealth enforceable against the Commonwealth in accordance with the terms hereof;

(b) When executed and delivered, the Bonds will be valid and legally binding general obligations of the Commonwealth for the payment of the principal of and interest on which the full faith and credit of the Commonwealth will be validly pledged (the Underwriters acknowledge the information regarding certain statutory limits on revenue growth and expenditures for debt service on obligations of the Commonwealth, including the Bonds, the pledge of certain taxes and federal receipts to obligations of the Commonwealth other than the Bonds and limitations on attaching or levying against property of the Commonwealth and on the satisfaction of judgments against the Commonwealth, all as described in the Official Statement under the heading "SECURITY FOR THE BONDS" and in the Information Statement under the headings "COMMONWEALTH REVENUES AND EXPENDITURES - Limitations on Tax Revenues," "LONG-TERM LIABILITIES" and "COMMONWEALTH CAPITAL INVESTMENT PLAN");

(c) All authorizations, consents or approvals of, or filings or registrations, if any, with, any Governmental Authority (defined herein) or court necessary for the valid issuance of, and performance by the Commonwealth of its obligations under, the Bonds (other than any requirement that amounts be appropriated to perform such obligations) will have been duly obtained or made prior to the issuance of the Bonds and disclosed to the Underwriters; as used herein, the term "Governmental Authority" refers to any legislative body or governmental official, department, commission, board, bureau, agency, authority, instrumentality, body or public benefit corporation;

(d) Both at the time of the Commonwealth's acceptance hereof and at the date of the Closing, there shall not have been any material adverse change in the financial condition of the Commonwealth as stated in either the Comprehensive Annual Financial Report or the Statutory Basis Financial Report for the fiscal year of the Commonwealth ended June 30, 2011, as described in the Official Statement, other than as set forth in or as contemplated by the Official Statement;

(e) The Preliminary Official Statement (excluding therefrom the information contained therein under the headings "BOOK-ENTRY-ONLY SYSTEM," "RATINGS" and "UNDERWRITING" and Appendix B thereto, as to which no representations and warranties are made) as of its date does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and the Official Statement (excluding therefrom the information contained therein under the headings "BOOK-ENTRY-ONLY SYSTEM," "RATINGS" and "UNDERWRITING" and Appendix B thereto, as to which no representations and warranties are made) as of the date hereof, and as of the date of any amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the End of the Underwriting Period (as defined in Paragraph 10 hereof), does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(f) As of the time of acceptance hereof and as of the Closing, the Commonwealth is not and will not be in default as to payment when due of the principal or of interest on any bond or note of the Commonwealth or as to payment of any sum due on account of any guaranty by it of bonds or notes in accordance with the terms of such guaranty or as to payment of any sum due under any contract for assistance by it relating to bonds or notes in accordance with the terms of such contract; and the execution and delivery by the Commonwealth of this Bond Purchase Agreement and the issuance, sale and delivery of the Bonds, and compliance with the provisions on its part contained in each thereof, do not and will not conflict with or constitute a breach of or default or event of default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, note, bond, resolution, indenture, agreement or other instrument to which the Commonwealth is, or will on the date of the Closing be, a party;

(g) As of the time of acceptance hereof and as of the Closing, no litigation is pending or, to the knowledge of the Attorney General of the Commonwealth, threatened, seeking to enjoin the issuance, sale, execution and delivery of the Bonds or the execution, delivery or performance of this Bond Purchase Agreement or in any way contesting or affecting the validity of or security for the Bonds or the levy or collection of any material portion of the taxes or other revenues of the Commonwealth (except as described in the Official Statement under the caption "LITIGATION"), or contesting in any way the completeness, accuracy or fairness of the Official Statement or contesting the title to the office of any Commonwealth official signing the Bonds or the Official Statement;

(h) The Bonds as delivered at the time of Closing will conform in all material respects to the descriptions thereof contained in the Official Statement;

(i) The Commonwealth will apply the proceeds from the sale of the Bonds as described in the Official Statement;

(j) Any certificate signed by any official or other representative of the Commonwealth and delivered to the Underwriters pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the Commonwealth to each of the Underwriters as to the truth of the statements contained respectively therein; and

(k) If between the date of the Official Statement and the date of Closing an event affecting the Commonwealth or the Bonds occurs of which the Commonwealth has knowledge and which would cause the Official Statement to contain an untrue statement of material fact or to omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, the Commonwealth shall immediately notify the Underwriters and if, in the opinion of the Commonwealth or the Underwriters, such event requires an amendment or supplement to the Official Statement, the Commonwealth will, at its expense, amend or supplement the Official Statement in a form and in a manner jointly approved by the Commonwealth and the Underwriters and will promptly provide the Underwriters with such number of copies thereof as may be reasonably requested by the Underwriters in order for the Underwriters to comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

7. By 12:00 p.m. (noon), Boston time, on January 24, 2012, or on such later date or at such later time as shall be mutually agreed upon between the Commonwealth and the Underwriters, the Commonwealth will deliver the Bonds to or for the account of the Underwriters in definitive form, duly executed, at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as shall have been mutually agreed upon by the Commonwealth and the Underwriters. Simultaneously therewith, at the offices of Bond Counsel in Boston, Massachusetts, or such other place as shall have been mutually agreed upon by the Commonwealth and the Underwriters, the Underwriters will accept delivery of the other documents hereinafter mentioned and pay the "Net Proceeds to the Commonwealth," as set forth in Exhibit A hereto, in federal funds payable to the order of the Commonwealth. (Such payment and delivery hereinafter referred to as the "Closing"). The Bonds shall be typewritten or printed. The Refunding Bonds will be delivered in the form of four (4) registered bonds. The Consolidated Bonds will be delivered in the form of five (5) registered bonds. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, as set forth in the Official Statement. The Bonds will be made available for inspection at DTC in New York, New York, at least 24 hours before the Closing.

8. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the Commonwealth contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Commonwealth of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase and pay for the Bonds shall be subject to the performance by the Commonwealth of its obligations to be performed hereunder and under such documents and instruments referenced herein to be delivered at or prior to the Closing, and shall also be subject to the following conditions:

(a) The representations and warranties of the Commonwealth contained herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of the Closing: (i) there shall have been no default by the Commonwealth in the payment when due of any amount theretofore due with respect to any note or bond of the Commonwealth and (ii) except as described in the Official Statement, there shall be no uncured default in the payment of any amount theretofore due with respect to any indebtedness of any person, entity or Governmental Authority guaranteed by the Commonwealth, or which the Commonwealth is otherwise legally obligated to pay or provide for, which, in either case, in the reasonable opinion of the Underwriters, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Bonds;

(c) There shall be in effect as of the time of the Closing ratings assigned to the Bonds by Moody's Investors Service, Inc. of not less than "Aa1", by Standard & Poor's Ratings Services of not less than "AA+" and by Fitch of not less than "AA+";

(d) The Underwriters shall have the right to terminate this Bond Purchase Agreement by notification in writing or by telegram to the Commonwealth if at any time subsequent to the date hereof and at or prior to the Closing (i) legislation is introduced in or enacted by the Congress of the United States, or passed by either House of the Congress, or recommended to the Congress or otherwise endorsed for passage by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is favorably reported for passage to either House of the Congress by a committee of such House to which such legislation has been referred for consideration, or a decision by a court of the United States shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government having jurisdiction, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States with respect to federal taxation of interest received on obligations of the general character of the Bonds which, in the reasonable opinion of the Underwriters, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Bonds; or (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds is in violation of any provisions of the Securities Act of 1933, as amended (the "Securities Act"), or of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or (iii) legislation shall be enacted by, or a bill shall be favorably reported out of a committee to, either House of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made to the effect that securities of the Commonwealth or of any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act; or (iv) there shall have occurred a general suspension of trading on the New York Stock Exchange, or fixing of minimum or maximum

prices for trading or maximum ranges for prices for securities on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, the effect of which, in the reasonable opinion of the Underwriters, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Bonds; or (v) a general banking moratorium shall have been established by federal, New York or Commonwealth authorities; or (vi) a war involving the United States shall have been declared, or any conflict involving the armed forces of the United States shall have escalated, or any other national or international emergency relating to the effective operation of government or of the financial community shall have occurred, the effect of which, in the reasonable opinion of the Underwriters, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Bonds; or (vii) there shall have been imposed by the New York Stock Exchange or other national securities exchange, or any governmental authority, any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the net capital requirements of Underwriters; or (viii) an event shall occur which (A) makes untrue or incorrect in any material respect, as of the time of such event any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect and (B) in the reasonable opinion of the Underwriters, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Bonds; and

(e) At or prior to the Closing, the Underwriters shall have received each of the following documents:

(1) The Official Statement executed as set forth in Paragraph 5 hereof, as it may have been amended or supplemented at or prior to the date of Closing;

(2) A certificate, dated the date of the Closing, signed by the Attorney General of the Commonwealth, to the effect that the statements in Paragraph 6(g) hereof are true and correct;

(3) A certificate, dated the date of the Closing, signed by the Treasurer and the Secretary and addressed to Citigroup, as representative of the Underwriters, their counsel, Bond Counsel and Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Disclosure Counsel ("Disclosure Counsel"), to the effect that (A) the representations and warranties of the Commonwealth contained in this Bond Purchase Agreement, are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and (B) except for the information in the Preliminary Official Statement under the headings "BOOK-ENTRY-ONLY SYSTEM," "UNDERWRITING" and "RATINGS" and Appendix B thereto, and the information in the Official Statement under the same headings and in Appendix B (as to which no view need be expressed), to the best of their respective knowledge and belief, the Preliminary Official Statement, as of its

date, and the Official Statement, as of the time of the Commonwealth's acceptance hereof, as of the date of any amendment or supplement thereto between the date hereof and the Closing and as of the date of the Closing, did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(4) The unqualified approving opinion of Bond Counsel, dated the date of the Closing, substantially in the form set forth in Appendix B to the Official Statement, together with a letter of Bond Counsel dated the date of Closing addressed to Citigroup, as representative of the Underwriters, to the effect that their approving opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(5) A supplemental opinion or opinions of Bond Counsel, dated the date of the Closing and addressed to the Treasurer and the Secretary and to the Underwriters, to the following effect:

(i) the Bond Purchase Agreement has been duly authorized, executed and delivered by the Commonwealth and constitutes the legal, valid and binding agreement of the Commonwealth;

(ii) the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act and Section 304(a)(4) of the Trust Indenture Act, and it is not necessary in connection with the sale of the Bonds to the public to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act; and

(iii) such counsel has rendered legal advice and assistance to the Commonwealth in the course of and has participated in the preparation of the Preliminary Official Statement and the Official Statement and, based upon such participation, they are of the opinion that the information contained in the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date of Closing, under the headings "THE BONDS" and "SECURITY FOR THE BONDS" and in Appendix B, insofar as such statements constitute summaries of certain provisions of the Bonds and applicable Massachusetts law, present, as of such dates, a fair summary of such provisions and that the statements in the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date of Closing, under the caption "TAX EXEMPTION" and in the summary tax opinion contained on the cover of the Preliminary Official Statement and the Official Statement, insofar as such statements purport to summarize certain provisions of the Code or purport to summarize the opinions of such counsel regarding the Bonds, are, as of such dates, correct in all material respects. In addition, based upon such counsel's examination of the proceedings of the Commonwealth in connection with their opinion as to the validity of the Bonds and their participation in the preparation of the Preliminary Official Statement and the Official Statement, as described in such opinion, and although they are not passing upon and do not assume any responsibility for the accuracy or completeness of the statements contained in the Preliminary

Official Statement or the Official Statement (and except for the financial and statistical data included therein, the initial public offering prices or yields of the Bonds on the inside cover pages thereof, the Stabilization Clause, the information contained therein under the headings "BOOK-ENTRY-ONLY SYSTEM," "RATINGS," "UNDERWRITING" and in any other document specifically referenced therein, including Appendices A and C to the Preliminary Official Statement and Appendices A and C to the Official Statement, the Information Statement and the exhibits to the Information Statement, and the references to such information in the Preliminary Official Statement or the Official Statement, as to which they express no opinion), no facts have come to the attention of such counsel which would lead them to believe that the information contained in the Preliminary Official Statement, as of the date thereof, and in the Official Statement, as of its date, as of the date of any amendment or supplement thereto between the date hereof and the date of Closing and as of the date of the Closing, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(6) The opinion of Disclosure Counsel, dated the date of the Closing and addressed to the Treasurer, the Secretary and the Underwriters, to the effect that:

(i) based upon their participation in the preparation of the Information Statement, and although they are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Information Statement (and except for the financial and statistical data included in the Information Statement, the information contained in the exhibits to the Information Statement and references to such information in the Information Statement, as to all of which no opinion need be expressed), no facts have come to the attention of such counsel which would lead them to believe that the Information Statement, as of its date and as supplemented and amended as required at all times subsequent thereto up to and including the date of Closing, as of the date of each such amendment or supplement, and as of the date of the opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading; and

(ii) the continuing disclosure undertaking included in the form of the Bonds (A) complies as to form in all material respects with the requirements of Rule 15c2-12 and (B) constitutes a valid and binding obligation of the Commonwealth;

(7) The opinion of Nixon Peabody LLP, counsel to the Underwriters ("Counsel to the Underwriters"), to the effect that:

(i) the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act and Section 304(a)(4) of the Trust Indenture Act, and it is not necessary in connection with the sale of the Bonds to the public

to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement as Counsel to the Underwriters, which participation and review was not intended to enable them to pass upon the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement and although they are not passing upon and do not assume any responsibility for the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement (and except for the financial and statistical data included therein, the statements and information contained on the cover and inside pages thereof, including the sections comprising the summary tax opinion of Bond Counsel and the initial public offering prices or yields of the Bonds, and the information contained under the headings "BOOK-ENTRY-ONLY SYSTEM," "UNDERWRITING," "RATINGS" and "TAX EXEMPTION," and the information in the Information Statement and in the exhibits to the Information Statement and in the appendices to the Preliminary Official Statement and Official Statement, as to which they need express no opinion), no facts have come to the attention of such counsel which would lead them to believe that the Preliminary Official Statement, as of the date thereof, or the Official Statement, as of its date, as of the date of any amendment or supplement thereto between the date thereof and the Closing, and as of the date of the Closing, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(8) A certificate signed by the Treasurer, dated the date of Closing, (A) setting forth facts, estimates and circumstances in existence on the date of Closing, which facts, estimates and circumstances shall be set forth therein, sufficient to support the conclusion that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the regulations, temporary regulations and proposed regulations under that Section, and (B) stating that, to the best of the knowledge and belief of such officer, there are no other facts, estimates or circumstances that would materially affect such expectations;

(9) A certificate, dated the date of Closing, of the Treasurer as to the delivery of the Bonds and receipt of payment therefor;

(10) A memorandum from Counsel to the Underwriters addressed to the Underwriters indicating the jurisdictions in which the Bonds have been qualified or are exempt from qualification or registration under the securities laws of the various states;

(11) A copy of the Blanket Issuer Letter of Representations between the Commonwealth and DTC;

(12) A copy of a transcript of all proceedings relating to the authorization and issuance of the Bonds; and

(13) Such additional legal opinions, signature, delivery and other certificates, and other instruments and documents, as the Underwriters, Counsel to the Underwriters or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the representations and warranties of the Commonwealth contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Commonwealth. All the disclosure materials, agreements, opinions, letters, certificates, instruments and other documents mentioned about or elsewhere in this Bond Purchase Agreement shall be in form and substance satisfactory to Bond Counsel and to Counsel to the Underwriters.

9. If the Commonwealth shall fail to deliver the Bonds on the date of Closing or shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Bond Purchase Agreement, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate, and neither the Underwriters nor the Commonwealth shall be under further obligation hereunder, except that: (i) the amount of the check referred to in Paragraph 4 hereof shall immediately be returned to the Underwriters by the Commonwealth; and (ii) the respective obligations of the Commonwealth and the Underwriters set forth in Paragraph 12 hereof shall continue in full force and effect.

10. If, after the Closing and during the period ending on the date which is 25 days following the "end of the underwriting period," as such term is used in paragraph (e)(2) of Rule 15c2-12 (the "End of the Underwriting Period"), any event affecting the Commonwealth or the Bonds shall occur of which the Commonwealth has actual knowledge which, in the opinion of the Commonwealth or the Underwriters, would cause the Official Statement to contain an untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances existing at the time it is delivered to a purchaser, not misleading, the Commonwealth will cooperate with the Underwriters and, at the written request of the Underwriters, forthwith prepare and furnish to the Underwriters, at the expense of the Commonwealth, a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters) which will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For purposes of and during the period of time provided by this paragraph, the Commonwealth will furnish to the Underwriters such information as they may from time to time reasonably request.

11. At the Closing, contemporaneously with the receipt of the Bonds, the Underwriters will deliver to you a receipt therefor, in form satisfactory to Bond Counsel, signed by Citigroup on behalf of the Underwriters.

12. (a) The Underwriters shall be under no obligation to pay, and the Commonwealth shall pay, all expenses incident to the performance of the Commonwealth's obligations hereunder,

including but not limited to: (i) the cost of the preparation, typesetting, composition, printing and delivery of the Preliminary Official Statement and the Official Statement; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the fees for bond ratings; and (iv) the fees and disbursements of the Commonwealth's advisers and of any other experts or consultants retained by the Commonwealth;

(b) The Underwriters shall pay: (i) the cost of preparation, composition and printing of the Agreement Among Underwriters (Instructions, Terms and Acceptance), if any, and this Bond Purchase Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Bonds, including the fees and disbursements of Counsel to the Underwriters.

13. The Commonwealth agrees to furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request to qualify the Bonds for offer and sale under Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and to provide for the continuance of such qualification, provided, however, that the Commonwealth will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. Neither the Commonwealth nor any officer, agent or employee thereof shall be charged personally by the Underwriters or any of them with any liability, or held liable to said Underwriters or any of them, under any term or provision of this Bond Purchase Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, thereof.

15. Any notice to be given to the Commonwealth under this Bond Purchase Agreement may be given by delivering the same to The Honorable Steven Grossman, Treasurer and Receiver-General of The Commonwealth of Massachusetts, State House, Boston, Massachusetts 02133, with a copy to the Secretary of Administration and Finance, Executive Office for Administration and Finance, at the same address, and any such notice to be given to the Underwriters may be given by delivering the same to Citigroup, Two International Place, Boston, Massachusetts 02110, attention: Thomas H. Green, Managing Director, telephone (617) 346-9253, facsimile (617) 346-9255.

16. This Bond Purchase Agreement is made solely for the benefit of the Commonwealth and the Underwriters (including the successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Commonwealth's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any of the Underwriters or (ii) delivery of and payment for the Bonds hereunder.

17. This Bond Purchase Agreement may be executed in counterparts, each of which shall be issued as original, all of which together shall constitute the same instrument. When each party hereto has signed one copy of such counterparts, this Bond Purchase Agreement shall be in effect.

18. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

Very truly yours,

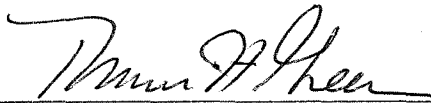
CITIGROUP GLOBAL MARKETS INC.

**Merrill Lynch, Pierce, Fenner & Smith Incorporated
Morgan Stanley & Co. Incorporated**

**Barclays Capital
Fidelity Capital Markets Services
J.P. Morgan Securities LLC
Jeffries & Company, Inc.
Morgan Keegan & Company, Inc.
Ramirez & Co., Inc.
Raymond James & Associates, Inc.
Siebert Brandford Shank & Co., LLC**

CITIGROUP GLOBAL MARKETS INC.

Authorized Representative of the Underwriters

By: 
Name: Thomas H. Green
Title: Managing Director

Accepted:

THE COMMONWEALTH OF MASSACHUSETTS

By: _____
Steven Grossman, Treasurer and Receiver-General

Approved:

By: _____
Deval L. Patrick, Governor

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

**Merrill Lynch, Pierce, Fenner & Smith Incorporated
Morgan Stanley & Co. Incorporated**

Barclays Capital
Fidelity Capital Markets Services
J.P. Morgan Securities LLC
Jeffries & Company, Inc.
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Ramirez & Co., Inc.
Raymond James & Associates, Inc.
Siebert Bradford Shank & Co., LLC


CITIGROUP GLOBAL MARKETS INC.

Authorized Representative of the Underwriters

By: _____
Name: Thomas H. Green
Title: Managing Director

Accepted:

THE COMMONWEALTH OF MASSACHUSETTS

By:  _____
Steven Grossman, Treasurer and Receiver-General


Approved:
By:  _____
Deval L. Patrick, Governor

EXHIBIT A

PURCHASE PRICE OF THE REFUNDING BONDS

Aggregate principal amount of Bonds	\$171,145,000.00
(Underwriters' discount)	<u>(451,315.78)</u>
Purchase Price of Bonds	\$170,693,684.22

PURCHASE PRICE OF THE CONSOLIDATED BONDS

Aggregate principal amount of Bonds	\$291,705,000.00
(Underwriters' discount)	<u>(775,857.72)</u>
Purchase Price of Bonds	\$290,929,142.28

The Commonwealth of Massachusetts
\$171,145,000 General Obligation Refunding Bonds
(SIFMA Index Bonds), 2012 Series A

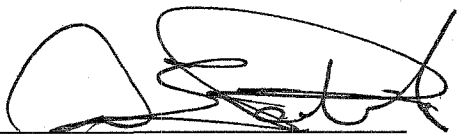
\$291,705,000 General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)
(together, the "Bonds")

**Certificate of the Governor,
Treasurer and Receiver-General
and Secretary of the Commonwealth**

We, the undersigned, the Governor and the Treasurer and Receiver-General of The Commonwealth of Massachusetts (the "Commonwealth"), respectively, hereby certify as follows:

1. Our signatures, affixed below, are set forth hereon to identify the manual or facsimile signature which the Governor has caused to be affixed and the manual signature which the Treasurer and Receiver-General has affixed to each Bond. Each Bond bears the seal of the Commonwealth or a facsimile thereof, which seal also is affixed hereto.
2. The Bonds have been awarded to Citigroup Global Markets Inc., as Representative of the Underwriters, on the terms set forth in the Bond Purchase Agreement dated January 18, 2012.
3. The form, date, maturities, interest rates and other details of the Bonds are hereby approved.
4. The sections of the Acts of the Commonwealth authorizing such Bonds have not been rescinded and remain in full force and effect.

Dated: January 24, 2012

A handwritten signature in black ink, appearing to read 'Deval Patrick', written over a horizontal line.

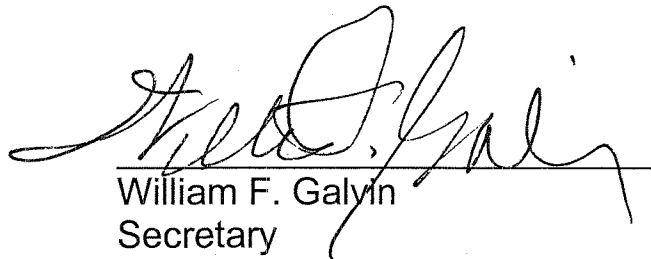
Deval L. Patrick
Governor
The Commonwealth of Massachusetts

A handwritten signature in black ink, appearing to read 'Steven Grossman', written over a horizontal line.

Steven Grossman
Treasurer and Receiver-General
The Commonwealth of
Massachusetts

I, the undersigned Secretary of the Commonwealth, hereby certify that the signatures of the Governor and Treasurer and Receiver-General of the Commonwealth as appearing above are the genuine signatures of the persons who held said offices when the Bonds were signed and when the Bonds were delivered and that the seal affixed hereto is the genuine seal of the Commonwealth.

Dated: January 24, 2012



William F. Galvin
Secretary
The Commonwealth of
Massachusetts

(Seal)

Tax and Swap Identification Certificate

This Tax and Swap Identification Certificate is executed and delivered by The Commonwealth of Massachusetts (the "Commonwealth"), in connection with the issuance of \$171,145,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 aggregate stated principal amount of General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "Bonds"). The Bonds are being executed and delivered pursuant to certain statutory authorizations of the Commonwealth (the "Authorizations"). Pursuant in part to Treasury Regulations Sections 1.141-2(d)(1) and 1.148-2(b)(2)(i), the Commonwealth certifies, covenants, warrants and represents as follows in connection with the issuance of the Bonds:

ARTICLE I. IN GENERAL

1.1 Delivery of the Bonds. In exchange for receipt of good funds, the Commonwealth is delivering the Bonds on the date hereof to Citigroup Global Markets Inc., as representative (the "Representative") of the underwriters (the "Underwriters") for resale to the general public.

1.2 Purpose of Tax Certificate. The Commonwealth is delivering this Tax Certificate to Edwards Wildman Palmer LLP, as bond counsel ("Bond Counsel"), with the understanding that Bond Counsel will rely in part upon this Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.3 Purpose of Financing. The Bonds are being issued to provide funds (i) to refund on a current basis the SIFMA 2010A Refunded Bonds (as such term is defined in Appendix A hereto), (ii) to refund on a current basis the SIFMA 2011A Refunded Bonds (as such term is defined in Appendix A hereto), (iii) to refund on a current basis the Series 1998A Bonds (as such term is defined in Appendix A hereto), (iv) to finance on a "new money" basis certain capital projects of the Commonwealth (the "New Money Projects"), and (v) to pay costs of issuing the Bonds.

1.4 Refunded Bonds. As more particularly described herein, the SIFMA 2010A Refunded Bonds and SIFMA 2011A Refunded Bonds were issued to refund on a current basis certain bonds of the Commonwealth which were originally issued to refund certain other bonds of the Commonwealth which, in turn, were originally issued to finance or refinance various capital projects of the Commonwealth (the "SIFMA Bond Projects"). The Series 1998A Bonds were issued to advance refund certain bonds of the Commonwealth which were originally issued to finance or refinance various capital projects of the Commonwealth (the "Series 1998A Bond Projects" and together with the SIFMA Bond Projects, the "Refunded Bond Projects").

1.5 Single Issue. All of the Bonds were sold to the Underwriters on January 18, 2012 (the "Sale Date") pursuant to the same plan of financing and are reasonably expected to be paid from the same source of funds. No other governmental obligations which are expected to be

paid out of substantially the same source of funds as the Bonds have been or will be sold within the 31-day period beginning 15 days before the Sale Date pursuant to the same plan of financing as the Bonds.

1.5.1 Multipurpose Allocation. Pursuant to Treasury Regulations Sections 1.141-13(d), 1.148-9(h) and 1.150-1(c)(3), the Bonds are being treated as a multipurpose issue with four separate purposes: (i) the current refunding of the SIFMA 2010A Refunded Bonds (the “SIFMA 2010A Refunding Purpose”), (ii) the current refunding of the SIFMA 2011A Refunded Bonds (the “SIFMA 2011A Refunding Purpose”), (iii) the current refunding of the Series 1998A (the “1998A Refunding Purpose”), and (iv) the funding of the New Money Projects (the “New Money Purpose”). As reflected in Exhibit E hereto, the allocation of the Bonds to the four purposes was made on a pro rata basis. The Bonds issued for the separate purposes are hereinafter referred to as follows:

<u>Purpose</u>	<u>Bonds</u>
SIFMA 2010A Refunding Purpose	2012/2010A Bonds*
SIFMA 2011A Refunding Purpose	2012/2011A Bonds*
1998A Refunding Purpose	2012/1998A Bonds*
New Money Purpose	2012/NM Bonds

*Hereinafter sometimes referred to collectively as the “Refunding Bonds.”

1.6 Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in Appendix A hereto.

1.7 Reliance. With respect to certain matters contained in this Tax Certificate, the Commonwealth specifically relies upon the certifications of the Representative outlined in the certificate attached hereto as Exhibit A and upon the certifications set forth in the other exhibits attached hereto or as otherwise described herein. The Commonwealth is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or in the exhibits hereto.

1.8 Bond Year Election. As indicated in Appendix A, the Commonwealth has elected to treat the period beginning on the Closing Date and ending on February 1, 2012 (or on another date selected by the Commonwealth in accordance with Treasury Regulations Section 1.148-1(b) and approved in an Opinion of Bond Counsel), and each successive one-year period thereafter as the Bond Year with respect to the Bonds. The last Bond Year will end on the last day on which any Bond is outstanding for federal tax purposes. The Commonwealth understands that selection of a day other than February 1 as the end of the Bond Year may adversely affect the computation of yield on the Bonds during the time prior to the expiration of the Series 2005A Refunding Escrow Fund.

1.9 Election of First Computation Period. The Commonwealth hereby elects to treat the period beginning on the Closing Date and ending on February 1, 2015 (or on another

date selected by the Commonwealth in accordance with Treasury Regulations Section 1.148-3(c) and approved in an Opinion of Bond Counsel), as the initial arbitrage computation period with respect to the Bonds. The Commonwealth understands that selection of a day other than February 1, 2015, as the end of the initial arbitrage computation period with respect to the Bonds may adversely affect the computation of yield on the Bonds during the time prior to the expiration of the Series 2005A Refunding Escrow Fund.

1.10 Application of Proposed Regulations. In accordance with Proposed Treasury Regulations Section 1.148-11(k)(2)(iii), the Commonwealth hereby elects to apply Proposed Treasury Regulations Sections 1.148-4(h)(2)(ii)(A), 1.148-4(h)(2)(v), 1.148-4(h)(2)(vi), 1.148-4(h)(2)(viii), 1.148-4(h)(3)(iv)(B), and 1.148-4(h)(4)(i)(C) as published in the Federal Register on September 26, 2007, to the swaps described herein which are described as qualified hedges and which were entered into or deemed entered into after September 26, 2007.

ARTICLE II. GENERAL TAX LIMITATIONS

2.1 Application of Sale Proceeds and Certain Other Moneys.

2.1.1 2012/2010A Bonds. On the date hereof, Sale Proceeds allocable to the 2012/2010A Bonds in the amount of \$146,725,000.00, less Underwriters' discount allocable to the 2012/2010A Bonds in the amount of \$386,943.29, will be deposited in an account within the General Fund of the Commonwealth (the portion of the Commonwealth's General Fund being used to hold such proceeds being referred to hereinafter as the "Redemption Fund"), pending the expenditure of such proceeds to pay the maturing principal of and a portion (\$3,056.71) of the accrued interest on the SIFMA 2010A Refunded Bonds on February 1, 2012.

2.1.2 2012/2011A Bonds. On the date hereof, Sale Proceeds allocable to the 2012/2011A Bonds in the amount of \$24,420,000.00, less Underwriters' discount allocable to the 2012/2011A Bonds in the amount of \$64,372.49, will be deposited in an account within the Redemption Fund, pending the expenditure of such proceeds to pay the maturing principal of and a portion (\$627.51) of the accrued interest on the SIFMA 2011A Refunded Bonds on February 1, 2012.

2.1.3 2012/1998A Bonds. On the date hereof, Sale Proceeds allocable to the 2012/1998A Bonds in the amount of \$191,705,000.00, plus, due to rounding to authorized denominations, \$352.01 of Sale Proceeds of the 2012/NM Bonds, less Underwriters' discount allocable to the 2012/1998A Bonds in the amount of \$510,352.01, will be deposited in an account within the Redemption Fund, pending the expenditure of such proceeds to pay the redemption price of the Series 1998A Bonds on February 8, 2012.

2.1.4 New Money Bonds. On the date hereof, the Sale Proceeds allocable to the 2012/NM Bonds in the amount of \$99,734,494.29, less \$352.01 due to rounding to authorized denominations as described in Section 2.1.3, and less Underwriters' discount allocable to the 2012/NM Bonds in the amount of \$265,505.71, will be deposited to the Capital Project Accounts, pending the expenditure of such proceeds.

Investment Proceeds earned in respect of amounts held in any fund or account established in respect of the Bonds will be retained therein and used for the purposes for which such fund was established.

2.2 Expenditure of Gross Proceeds. For purposes of this Tax Certificate, Sale Proceeds and Investment Proceeds allocable to the 2012/NM Bonds applied to finance the New Money Projects will be treated as spent when they are used to pay or reimburse disbursements by the Commonwealth that are (i) capital expenditures, (ii) costs of issuing the 2012/NM Bonds, (iii) interest on the 2012/NM Bonds through the later of three years after the Closing Date or one year after the New Money Projects are placed in service, (iv) initial operating expenses directly associated with the New Money Projects (in aggregate amount not exceeding 5% of the Sale Proceeds), or (v) other miscellaneous expenditures described in Treasury Regulations Section 1.148-6(d)(3)(ii). Sale Proceeds and Investment Proceeds allocable to the 2012/2010A Bonds, the 2012/2011A Bonds and the 2012/1998A Bonds will be treated as spent when used to pay (i) principal, interest or redemption price of the bonds being refunded or (ii) the allocable costs of issuing the 2012/2010A Bonds, the 2012/2011A Bonds and the 2012/1998A Bonds.

The Commonwealth hereby certifies that no disbursement to be paid or reimbursed from the portion of the proceeds of the 2012/NM Bonds applied to finance the New Money Projects shall have been previously paid or reimbursed from the proceeds of any other obligation, whether issued by the Commonwealth or any other party. Absent an Opinion of Bond Counsel, all expenditures of proceeds of the 2012/NM Bonds applied to finance the New Money Projects will be made in respect of (a) Preliminary Expenditures, (b) reimbursements for pre-Closing Date capital expenditures for the New Money Projects made by the Commonwealth no more than 60 days prior to the date on which the Commonwealth adopted the applicable Authorization, (c) costs of issuing the 2012/NM Bonds, or (d) other payments for the New Money Projects made by the Commonwealth on or after the Closing Date. In connection with all expenditures of proceeds of the 2012/NM Bonds described in (b), the reimbursement allocation will be made no later than the later of 18 months after the Closing Date or the date on which the component of the New Money Projects to which such expenditure relates is placed in service, but in no event later than three years after the date of such expenditure.

2.3 Governmental Bond Status. Absent an Opinion of Counsel, the Commonwealth will not loan more than \$5,000,000 of the Bond proceeds to one or more Nongovernmental Persons. Absent an Opinion of Counsel, the Commonwealth will not allow more than \$15,000,000 of Sale Proceeds and Investment Proceeds of the Bonds or of the New Money Projects and the Refunded Bond Projects to be used directly or indirectly by any Nongovernmental Person in any trade or business, other than as a member of the general public. Absent an Opinion of Counsel, for purposes of this Section 2.3, a Nongovernmental Person will be treated as "using" Bond proceeds to the extent the Nongovernmental Person

- (i) borrows Bond proceeds,
- (ii) uses the New Money Projects or Refunded Bond Projects as owner, lessee, service provider, operator or manager, or
- (iii) acquires the output (or throughput) of the Projects.

As of the Closing Date, the Commonwealth certifies that either (i) there are no contracts or other arrangements for the operation or management of any of the New Money Projects or Refunded Bond Projects by any party other than a Governmental Unit or (ii) such contracts and arrangements have been approved in an Opinion of Bond Counsel. Absent an Opinion of Bond Counsel, the Commonwealth will not enter into any contract or other arrangement after the Closing Date for the operation or management of any of the New Money Projects or Refunded Bond Projects by any party other than a Governmental Unit.

2.4 Change in Use. The Commonwealth reasonably expects to use all Bond proceeds and all facilities that are financed and refinanced from Bond proceeds as set forth in Section 2.3 of this Tax Certificate for the entire stated term to maturity of the Bonds. Absent an Opinion of Bond Counsel, the Commonwealth in fact will use all Bond proceeds and each facility financed and refinanced from Bond proceeds as set forth in Section 2.3 of this Tax Certificate.

2.5 Registered Form. The Bonds are being issued in registered form.

2.6 Federal Guarantee. The Commonwealth will not directly or indirectly use or permit the use of any Bond proceeds or any other funds of the Commonwealth or any related party or take or omit to take any action that would cause the Bonds to be obligations that are "federally guaranteed." In furtherance of this covenant, the Commonwealth will not allow the payment of principal or interest with respect to the Bonds to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. Except as provided in the next sentence, the Commonwealth will not use 5% or more of the proceeds of the Bonds to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof, nor will it invest 5% or more of such proceeds in federally insured deposits or accounts. The preceding sentence shall not apply to (i) investments in the Bona Fide Debt Service Fund (as such term is defined in Section 3.4.1 hereof); (ii) investments in the Capital Projects Account to the extent amounts therein qualify for unrestricted investment pursuant to Section 3.5 of this Tax Certificate; (iii) investments in the Redemption Fund, to the extent amounts therein qualify for unrestricted yield investment pursuant to Section 3.6 of this Tax Certificate; and (iv) investments in obligations issued by the United States Department of Treasury.

2.7 Information Reporting. The Commonwealth will cause a properly completed and executed IRS Form 8038-G to be filed with respect to the Bonds no later than May 15, 2012.

2.8 Current Refunding. The SIFMA 2010A Refunded Bonds and the SIFMA 2011A Refunded Bonds will be paid on February 1, 2012, which date is less than 90 days after the Closing Date, and the Series 1998A Bonds will be redeemed on February 8, 2012, which date is less than 90 days after the Closing Date. Bond proceeds will not be used directly or indirectly to make principal, interest or redemption premium payments with respect to any governmental obligation other than the Bonds, the SIFMA 2010A Refunded Bonds, the SIFMA 2011A Refunded Bonds and the Series 1998A Bonds.

2.9 Unexpended Proceeds of the Series 1998 A Bonds, SIFMA 2010A and 2011 Refunded Bonds. There are no unexpended proceeds of the Series 1998A Bonds. The SIFMA

2010A Refunded Bonds were part of the Series 2010A Bonds. Proceeds of the Series 2010A Bonds were applied to refund certain obligations that were part of an issue (the “2005A Bonds”), the proceeds of which were deposited in the Series 2005A Refunding Escrow Fund to provide for the payment of the bonds refunded by such other obligations. Proceeds of the SIFMA 2011A Refunded Bonds were applied to refund the February 1, 2011 maturity of the Series 2010A Bonds. As shown in the report of Causey Demgen & Moore Inc., dated March 29, 2005, the proceeds of the 2005A Bonds in the Series 2005A Refunding Escrow Fund were invested in government securities having a yield of 4.17446% through the December 1, 2014 final maturity of such securities. Upon the redemption of the 2005A Bonds, the remaining amounts of deposit in the Series 2005A Refunding Escrow Fund ceased being treated as proceeds of the 2005A Bonds and became transferred proceeds of the Series 2010A Bonds. On February 1, 2011, as proceeds of the SIFMA 2011A Refunded Bonds were applied to refund the maturity of the Series 2010A Bonds, a portion of such transferred proceeds ceased being treated as proceeds of the Series 2010A Bonds and became transferred proceeds of the SIFMA 2011A Refunded Bonds. On February 1, 2012, as proceeds of the 2012/2010A Bonds and 2012/2011A Bonds are applied to the payment of the SIFMA 2010A Refunded Bonds and SIFMA 2011A Refunded Bonds, any unexpended proceeds of the SIFMA 2010A Refunded Bonds and SIFMA 2011A Refunded Bonds allocable to amounts on deposit in the Series 2005A Refunding Escrow Fund will cease being treated as proceeds of the SIFMA 2010A Refunded Bonds and SIFMA 2011A Refunded Bonds and will become transferred proceeds of the Bonds, subject to arbitrage limitations and requirements measured against the yield on the Bonds. Although the projected yield of the Bonds during the computation period ending February 1, 2015, as reflected in Section 4.1 hereof, is higher than the yield on the investments in the Series 2005A Refunding Escrow, the Commonwealth understands that the actual yield of the Bonds will be based on actual payments and the actual yield on the Bonds during such period could be lower than that projected, potentially requiring the Commonwealth to make “yield reduction payments” with respect to the “transferred proceeds” described in this paragraph or other moneys treated as Adjusted Gross Proceeds. The Commonwealth covenants to periodically, but not less often than annually, review the yield on the Bonds and, if necessary, make yield reduction payments at such times and in such amounts as may be required under applicable Treasury Regulations and to secure competent advice with respect thereto.

2.10 No Pooling. The Commonwealth will not use any Bond proceeds directly or indirectly to make or finance loans to two or more ultimate borrowers.

2.11 No Hedge Bonds. As of the respective issue dates of each issue comprising the Original Obligations, the Commonwealth reasonably expected to expend more than 85% of the “spendable proceeds” of each such issue within three years of such issue date. Not more than 50% of the sale proceeds of each such issue were invested at a substantially guaranteed yield for four years or more. The Commonwealth reasonably expects that at least 85% of the Net Sale Proceeds of the 2012/NM Bonds will be expended within three years of the Closing Date. Less than 50% of the proceeds of the 2012/NM Bonds will be invested in investment securities with a substantially guaranteed yield for four years or more.

2.12 Useful Life. The weighted average maturity of the Bonds does not exceed 120% of the remaining useful life of the assets comprising the Series 1998A Bond Projects, the SIFMA Bond Projects or the New Money Projects.

2.13 Qualified Hedges Relating to the 2012/2010A Bonds.

2.13.1 Deemed Termination, Deemed Re-execution and Allocation of Qualified Hedge. As reflected in Section 8 of the Series 2005A Tax Certificate, the Commonwealth intended that certain interest rate swap transactions identified in Exhibit B hereto (collectively, the “2005A Swap”), be treated as a “qualified hedge” within the meaning of Treasury Regulations Sections 1.148-4(h)(2) and 1.148-4(h)(4) with respect to the Series 2005A Bonds. Upon the redemption of the Series 2005A Bonds on March 24, 2010 with proceeds of the Series 2010A Bonds, the portion of the 2005A Swap described in Exhibit C-1 attached hereto (the “2010A/2005A Swap”) was identified as a qualified hedge with respect to the Series 2010A Bonds. The remaining portion of the 2005A Swap was deemed terminated, a deemed termination payment calculated and the deemed termination payment taken into account as an adjustment to the yield of the Series 2010A Bonds. In connection with the issuance of the Series 2010A Bonds, such remaining portion of the 2005A Swap was treated as a series of newly executed hedges entered into on such date of deemed termination and, in accordance with Treasury Regulations Section 1.148-4(h)(5), was identified as a series of forward starting hedges with respect to the anticipated future refundings of portions of each of the maturities of the Series 2010A Bonds and the mid-market fixed payer rates for such forward starting hedges documented in a certificate dated March 19, 2010, which was delivered by Swap Financial Group (the “2010 SFG Certificate”).¹

The forward starting hedge identified at the time of issuance of the Series 2010A Bonds as a qualified hedge with respect to the anticipated refunding of the February 1, 2012 maturity of the Series 2010A Bonds is hereinafter referred to as the “Anticipated 2010A/2012 Maturity Swap”, described in Exhibit C-3 attached hereto. At the time of issuance of the Series 2010A Bonds, it was anticipated that the 2/1/2012 maturity of the Series 2010A Bonds would be refunded by bonds amortizing in years 2022 through 2024. As set forth in Section 1.5.1 hereof, the portion of the Bonds treated for tax purposes as the 2012/2010A Bonds amortize in years 2012 through 2016. The portion of the Anticipated 2010A/2012 Maturity Swap with a notional

¹ As set forth in a letter dated January 23, 2012, from Swap Financial Group LLC to the Commonwealth and Bond Counsel, a copy of which is attached as Exhibit C-2, paragraph 3 of the 2010 SFG Certificate of Swap Financial Group LLC dated March 19, 2010, contained an inadvertent transposition of the fixed payer rates certified as mid-market rates for the “Future Refunding Swaps.” The correct fixed payer rates reflected in such letter are :

<u>Future Refunding Swap</u>	<u>Rate</u>
2011 Swap	3.6272%
2012 Swap	3.7399%
2013 Swap	3.7498%
2014 Swap	3.5597%

amount less than or equal to the scheduled outstanding principal amount, from time to time, of the 2012/2010A Bonds as set forth in Exhibit C-4 (the "2012 Bond Swap"), is treated as a qualified hedge with respect to the 2012/2010A Bonds with a fixed payer rate of 3.7399% as determined in connection with the issuance of the Series 2010A Bonds.

2.13.2 Identification of Anticipatory Hedges with Respect to Future

Refundings of the 2012 Bonds. Bond Counsel has advised the Commonwealth that the portion of the Anticipated 2010A/2012 Maturity Swap not constituting part of the 2012 Bond Swap (the "Remaining Anticipated 2010A/2012 Maturity Swap") is deemed terminated as of the date of payment of the February 1, 2012 maturity of the Series 2010A Bonds, a deemed termination payment calculated as of such date and such deemed payment taken into account in determining the yield with respect to the Bonds. Based on such advice with respect to the date of deemed termination of the Remaining Anticipated 2010A/2012 Maturity Swap, the Commonwealth will identify portions of such Remaining Anticipated 2010A/2012 Maturity Swap as anticipatory hedges with respect to anticipated future financings by a separate certificate not later than February 3, 2012. In the event of a determination that the deemed termination of the Remaining Anticipated 2010A/2012 Maturity Swap occurs on a date or dates and/or in amounts different from those described in the preceding paragraph, the Commonwealth reserves the right, to the extent permitted under the Treasury Regulations, to calculate yield on the Bonds (or subsequent issues refinancing the Bonds) in a manner consistent with such determination and to make different identifications with respect to the Remaining Anticipated 2010A/2012 Maturity Swap. The Commonwealth recognizes that such a determination may result in a lower yield with respect to the Bonds (or such subsequent issues refinancing the Bonds) and could result in an obligation to make additional "yield reduction payments" with respect thereto.

2.14 Qualified Hedges Relating to the 2012/2011 Bonds. The forward starting hedge identified at the time of issuance of the Series 2010A Bonds as a qualified hedge with respect to the anticipated refunding of the February 1, 2011 maturity of the Series 2010A Bonds is hereinafter referred to as the "Anticipated 2010A/2011 Maturity Swap." Upon the payment of the February 1, 2011 maturity of the Series 2010A Bonds with proceeds of the Series 2011A Bonds, the Anticipated 2010A/2011 Maturity Swap was treated as a qualified hedge with respect to the Series 2011A Bonds and was not treated as terminated in whole or in part. To the extent the payment of the maturing amount of the Series 2011A Bonds on February 1, 2012 from proceeds of the 2012/2011A Bonds results in a deemed termination of a pro rata portion of the Anticipated 2010A/2011 Maturity Swap in a notional amount of \$24,150,000, the Commonwealth intends that the terminated portion be treated as a qualified hedge with respect to the 2012/2011A Bonds and as a series of anticipatory hedges, executed at the time of the deemed termination, with respect to anticipated future financings and will identify the terminated portion of the Anticipated 2010A/2011 Maturity Swap as a qualified hedge by a separate certificate not later than February 3, 2012.

2.15 Qualified Hedges Relating to the 2012/1998A Bonds.

2.15.1 Initial Integration of Qualified Hedges and Subsequent Substitution for Qualified Hedge. As reflected in Section 25 of the Series 1998A Tax Certificate, the Commonwealth intended that two interest rate swap transactions, one with Lehman Brothers DP (the "Lehman Swap") and one with Salomon Swapco Inc. (the "Swapco Swap") be treated as

“qualified hedges” within the meaning of Treasury Regulations Sections 1.148-4(h)(2) and 1.148-4(h)(4) with respect to the Series 1998A Bonds. In 2008, following the bankruptcy of Lehman Brothers DP, the Lehman Swap was terminated and a replacement swap entered into but not identified as a qualified hedge with respect to the Series 1998A Bonds. The Swapco Swap has continued to constitute a qualified hedge with respect to the Series 1998A Bonds.

2.15.2 Deemed Termination, Deemed Re-execution and Allocation of Swapco Swap. Upon the redemption of the Series 1998A Bonds on February 8, 2012, with proceeds of the 2012/1998A Bonds, the Swapco Swap will be deemed terminated, a deemed termination payment calculated as of such date, the mid-market fixed payer rate for comparable swaps determined as of such date and the deemed termination payment taken into account in determining the yield with respect to the Bonds. The Swapco Swap, although deemed terminated, will remain in effect, will be deemed a newly executed hedge as of such redemption date and will be identified as a qualified hedge with respect to the 2012/1998A Bonds by a separate certificate not later than February 11, 2012.

2.16 Completion of Swap Identification. The Commonwealth has been advised by Bond Counsel and understands that, under current Treasury Regulations, a precondition to treatment of a hedge as a “qualified hedge” with respect to an issue of includes a requirement that execution of the hedge be noted on the first form with respect to such bond issue files with the Internal Revenue Service following issuance of such bonds and that, accordingly, completion of the identification of the hedges discussed herein will require subsequent actions by the Commonwealth.

2.17 Certificate of the Swap Advisor. The Commonwealth has retained Swap Financial Group, LLC (the “Swap Advisor”) to provide independent advice with respect to, among other things, the deemed termination payments with respect to the various swaps and the “mid-market” fixed payer rates under market conditions as of the dates of termination, such advice to be in a form satisfactory to Bond Counsel, which advice will be furnished to the Commonwealth as soon as practicable following redemption dates reflected in Sections 2.13 through 2.15 hereof, and in no event later than required for the Commonwealth to complete the qualified hedge identifications as part of its books and records as described in Sections 2.13.2, 2.14 and 1.15 hereof.

ARTICLE III. ARBITRAGE GENERAL

3.1 Reasonable Expectations. This Article III states the Commonwealth’s reasonable expectations with respect to the amounts and uses of Bond proceeds and certain other moneys.

3.2 Reoffering Price. The Commonwealth is delivering the Bonds to the Underwriters on the date hereof in exchange for an aggregate payment of \$461,622,826.50, which represents the total amount of Sale Proceeds, less an aggregate Underwriters’ discount in the amount of \$1,227,173.50. Based upon advice of the Representative, each maturity of the Bonds have been reoffered to the public (excluding any bond house, broker or other intermediary) at a price of par. Based upon advice of the Representative, the initial reoffering

prices were reasonable under customary standards in the applicable tax-exempt market as of the Sale Date.

3.3 Funds and Accounts. The Commonwealth will use the Redemption Fund and certain accounts within its General Fund to be used to finance or refinance costs of the New Money Projects (such accounts being referred to collectively herein as the "Capital Project Accounts") to hold certain proceeds of the Bonds, as more particularly described in this Article III. The Commonwealth does not expect that either it or any other person benefiting from the issuance of the Bonds will use any moneys in any fund or account other than the Bona Fide Debt Service Fund to pay debt service on the Bonds; nor is any other fund or account so pledged as security for the Bonds that there is a reasonable assurance that amounts held in such other fund or account will be available if needed to pay debt service on the Bonds.

3.4 Bona Fide Debt Service Fund.

3.4.1 Payment of the Bonds. The Bonds are general obligations of the Commonwealth payable from moneys within the General Fund of the Commonwealth available therefor and certain other moneys, such as preissuance accrued interest on the Bonds. The portion of the Commonwealth's General Fund to be used to hold amounts reasonably expected to be allocated to the payment of debt service on the Bonds is referred to for purposes of this Tax Certificate as the "Bona Fide Debt Service Fund."

3.4.2 Revenues. Payments of debt service on the Bonds are expected to be derived from current revenues of the Commonwealth in each year, and current revenues are expected to equal or exceed debt service on the Bonds during each payment period. Therefore, all amounts transferred to and from the Bona Fide Debt Service Fund are expected to be derived from current revenues.

3.4.3 Match Between Revenues and Debt Service. The Bona Fide Debt Service Fund will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year. Such funds in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such fund for the immediately preceding Bond Year or 1/12th of debt service in respect of the Bonds for the immediately preceding Bond Year. Amounts contributed to such fund will be spent within thirteen months after the date of such contribution and any amounts received from the investment or reinvestment of monies held in such fund will be expended within one year after the date of accumulation thereof in any such fund. Amounts in the Bona Fide Debt Service Fund will be invested without regard to yield.

3.5 Capital Project Accounts. On the date hereof, Sale Proceeds allocable to the 2012/NM Bonds in the amount of \$99,734,142.28 are being deposited in the Capital Project Accounts for the purpose of paying costs of the New Money Projects. The Commonwealth reasonably expects that at least 85% of the Net Sale Proceeds will be spent to pay costs of the New Money Projects before January 24, 2015. The Commonwealth heretofore has incurred or within six months hereafter will incur a binding obligation to one or more unrelated parties involving an expenditure of not less than 5% of Net Sale Proceeds. Completion of the New Money Projects and allocations of Net Sale Proceeds and Investment Proceeds to costs of the

New Money Projects will proceed with due diligence. Sale Proceeds allocable to the 2012/NM Bonds deposited into the Capital Project Accounts, and Investment Proceeds earned thereon would thus qualify for a temporary period under Treasury Regulations Section 1.148-2(e)(2) ending January 24, 2015 (the "Initial Temporary Period"), during which period such moneys could be invested without regard to yield. PURSUANT TO TREASURY REGULATIONS SECTION 1.148-2(h), THE COMMONWEALTH HEREBY IRREVOCABLY WAIVES THE INITIAL TEMPORARY PERIOD AND AGREES THAT, EXCEPT AS DESCRIBED IN SECTION 4.3 HEREOF, SUCH MONEYS SHALL NOT BE INVESTED AT A YIELD IN EXCESS OF THE YIELD ON THE BONDS.

3.6 Redemption Fund. Sale Proceeds of the Refunding Bonds in the amount of \$361,888,332.21 (plus, due to rounding to authorized denominations, \$352.01 of Sale Proceeds of the 2012/NM Bonds) are being deposited in the Redemption Fund on the Closing Date to pay principal of and a portion of interest on the SIFMA 2010A Refunded Bonds and SIFMA 2011 Refunded Bonds on February 1, 2012, and to pay the redemption price of the Series 1998A Bonds on February 8, 2012. Amounts in the Redemption Fund would thus qualify for a temporary period under Treasury Regulations Section 1.148-9(d)(2)(ii) ending July 24, 2012 (the "Current Refunding Temporary Period"), during which period such moneys could be invested without regard to yield. PURSUANT TO TREASURY REGULATIONS SECTION 1.148-9(g), THE COMMONWEALTH HEREBY IRREVOCABLY WAIVES THE CURRENT REFUNDING TEMPORARY PERIOD AND AGREES THAT, EXCEPT AS DESCRIBED IN SECTION 4.3 HEREOF, SUCH MONEYS SHALL NOT BE INVESTED AT A YIELD IN EXCESS OF THE YIELD ON THE BONDS.

3.7 No Overissuance. Taking into account anticipated investment earnings, proceeds from the sale of the Bonds do not exceed the amount necessary to pay costs of the New Money Projects, to refund the Refunded Bonds, and to pay costs of issuing the Bonds.

3.8 No Other Replacement Proceeds. Neither the Commonwealth nor any related person will use any Gross Proceeds of the Bonds directly or indirectly to replace funds of the Commonwealth or any related person, which funds are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Bonds.

3.9 No Expected Sale. It is not expected that the Projects or any part thereof financed or refinanced in whole or in part by the Bonds will be sold or otherwise disposed of before September 1, 2016, the last scheduled maturity date of the Bonds, except for minor portions due to normal wear or obsolescence.

ARTICLE IV. ARBITRAGE - YIELD AND YIELD RESTRICTION

4.1 Yield. The Bonds will bear variable rates of interest. Accordingly, the Bonds comprise an issue of variable yield obligations and, pursuant to Treasury Regulations Section 1.148-4(c), yield on the Bonds is computed separately for each computation period, as defined in Treasury Regulations Section 1.148-1(b). The yield for each computation period is the discount rate which, when used in computing the present value as the first day of the computation period of all payments of principal, interest, qualified guarantee fees and any qualified hedge fees that

are attributable to the computation period, produces an amount equal to the present value of the aggregate issue price (or, pursuant to Treasury Regulations Section 1.148-4(c)(2)(iv), the deemed issue price for any computation period other than the computation period beginning on the Closing Date) of the Bonds as of the first day of the computation period. The payments attributable to a computation period generally include (i) any amounts actually paid during the computation period for principal on the Bonds, (ii) any amounts actually paid during the computation period for interest accruing during the computation period, (iii) any amounts actually paid during the computation period for interest during the prior computation period that was included in the deemed issue price of the Bonds as accrued but unpaid interest as of the first day of the computation period, (iv) any amounts properly allocable to fees for a qualified guarantee fee for the computation period and (v) any amounts properly allocable to a qualified hedge for the computation period, including in the case of the Bonds, the allocable portion of the deemed termination payments with respect to the Anticipated 2010A/2012 Maturity Swap and the Swapco Swap. For purposes of computing yield with respect to the computation period beginning on the Closing Date, the aggregate issue price of the Bonds is \$462,850,000, which represents the aggregate price at which a substantial amount of the Bonds of each maturity have been sold to the ultimate purchaser(s) as represented by the Representative in Exhibit A hereto. As reflected in the report of Causey Demgen & Moore Inc. dated January 24, 2012 (the "Verification Report") attached hereto as Exhibit D, the projected yield on the Bonds, based upon the assumptions as to future events described therein, has been calculated to be 4.34717%. The Commonwealth understands that the actual yield on the bonds will vary from the projected yield as described in the preceding sentences.

4.2 No Other Qualified Hedges. Except as specifically described in this Tax Certificate, no contract has been, and (absent an Opinion of Bond Counsel) no contract will be, entered into such that failure to take the contract into account would distort the yield on the Bonds or otherwise would fail clearly to reflect the economic substance of the transaction.

4.3 Yield Restriction. Absent an Opinion of Bond Counsel, the sum of (A) any proceeds of the 2012/NM Bonds held in the Capital Project Accounts, plus (B) any amounts held in the Bona Fide Debt Service Fund and remaining unexpended after 13 months from the date of accumulation in any such funds, plus (C) any proceeds of the Bonds deposited in the Redemption Fund to refund the Refunded Bonds at any time in the aggregate exceeds \$100,000, the excess will be invested either (i) in Investment Property with a yield not exceeding the yield on the Bonds, (ii) in assets that are not treated as Investment Property (e.g., Tax-Exempt Bonds) or (iii) in assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c), subject to the limitation set forth in Section 1.148-10(b)(1)(ii).

ARTICLE V. REBATE

5.1 Undertakings. The Commonwealth hereby covenants to comply with certain requirements of the Code pertaining to the Rebate Requirement. The Commonwealth acknowledges that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. (Treasury Regulations Sections 1.148-1 through 1.148-11, 1.150-1 and 1.150-2.) The Commonwealth further acknowledges that the United States Department of the Treasury may yet issue additional

regulations with respect to certain other of these undertakings. The Commonwealth covenants that it will undertake to determine what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may apply to the Bonds.

5.2 Recordkeeping. The Commonwealth shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment allocable to Gross Proceeds, including: (a) purchase date; (b) purchase price; (c) information establishing fair market value on the date such investment became a Nonpurpose Investment; (d) any accrued interest paid; (e) face amount; (f) coupon rate; (g) periodicity of interest payments; (h) disposition price; (i) any accrued interest received; and (j) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement.

ARTICLE VI. OTHER MATTERS

6.1 Expectations. The undersigned is an authorized representative of the Commonwealth acting for and on behalf of the Commonwealth in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

6.2 Record Retention. In order to ensure that interest on the Bonds continues to be excluded from gross income for federal tax law purposes, the Commonwealth acknowledges that records should be maintained to support the representations, certifications and expectations set forth in this Tax Certificate (including the exhibits hereto) at least until the date six (6) years after the later of (a) the date on which the Bonds are retired and (ii) if any of the Bonds are refunded with the proceeds of any other tax-exempt obligations ("Refunding Obligations"), the date on which the last of the Refunding Obligations is retired. In addition to the items described in Section 5.2 hereof, records to be retained include, but are not limited to:

- (i) Transcripts of records and documents relating to the Bonds and the Refunded Bonds;
- (ii) Documentation evidencing the expenditure of proceeds of the Bonds and the Refunded Bonds;
- (iii) Documentation evidencing the use of the Projects or any component thereof by public and private sources (i.e., copies of management contracts, research agreements, leases, etc.);
- (iv) Documentation evidencing all sources of payment or security for the Bonds and the Refunded Bonds; and
- (v) Records of all amounts paid to the United States in satisfaction of the Rebate Requirement for the Bonds and IRS Forms 8038-T (or successor forms thereto) related to such payments.

6.3 **Amendments.** Notwithstanding any other provision of this Tax Certificate, the Commonwealth may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is signed by an authorized officer and is supported by an Opinion of Bond Counsel.

6.4 Survival of Defeasance. Notwithstanding any provision in this Tax Certificate or in any other agreement or instrument relating to the Bonds to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive defeasance of the Bonds.

Dated: January 24, 2012.

THE COMMONWEALTH OF
MASSACHUSETTS

By: 
Treasurer and Receiver-General

APPENDIX A

For purposes of the Tax Certificate to which this Appendix A is attached, the following capitalized terms have the following meanings:

“Adjusted Gross Proceeds” generally means Gross Proceeds, less amounts held in the Bona Fide Debt Service Fund.

“Bona Fide Debt Service Fund” means that fund (or portion thereof) identified in Section 3.4.1 of the Tax Certificate.

“Bond Year” means beginning on the Closing Date and ending on February 1, 2012 (or on another date selected by the Commonwealth in accordance with Treasury Regulations Section 1.148-1(b), and approved in an Opinion of Bond Counsel), and each successive one-year period thereafter. The last Bond Year will end on the last day on which any Bond is outstanding for federal tax purposes.

“Closing Date” means the date of this Tax Certificate, January 24, 2012.

“Code” means the Internal Revenue Code of 1986.

“Governmental Unit” means any State, or political subdivision of a State, but excludes the United States and its agencies or instrumentalities.

“Gross Proceeds” generally means all proceeds derived from or relating to the Bonds, including Sale Proceeds, Investment Proceeds, and other amounts pledged or expected to be used to pay debt service on the Bonds.

“Investment Proceeds” means earnings received from investing and reinvesting Sale Proceeds and from investing and reinvesting such earnings.

“Investment Property” means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a “specified private activity bond” within the meaning of Section 57(a)(5)(C) of the Code.

“Net Sale Proceeds” means the Sale Proceeds allocable to the portion of the Consolidated Bonds financing the New Money Projects, less any amount invested as part of a “minor portion” pursuant to Section 148(e) of the Code.

“Nongovernmental Person” means any person or entity other than a Governmental Unit.

“Nonpurpose Investment” means any Investment Property in which Gross Proceeds are invested.

“Opinion of Bond Counsel” means a written opinion of nationally recognized bond counsel, delivered to the Commonwealth, to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected.

“Original Obligations” means, collectively, the obligations all or a portion of which were issued to finance the Refunded Bond Projects on a new money basis which have been ultimately refinanced by the SIFMA Refunded Bonds, as described in Exhibit A to the Series 2005A Tax Certificate, or by the Series 1998A Bonds.

“Preliminary Expenditures” means architectural, engineering, surveying, soil testing, costs of issuing the 2012/NM Bonds, and similar costs paid with respect to the New Money Projects in an aggregate amount not exceeding 20% of the issue price of the 2012/NM Bonds. However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

“Rebate Requirement” means the amount of rebatable arbitrage with respect to the Bonds, computed as of the last day of any Bond Year pursuant to Section 1.148-3 of the Treasury Regulations.

“Refunded Bonds” means, collectively, the SIFMA 2010A Refunded Bonds, the SIFMA 2011A Refunded Bonds and the Series 1998A Bonds.

“Sale Proceeds” means the amount of \$462,850,000.00, comprising the aggregate stated principal amount of the Bonds.

“Series 1998A Bonds” means the Commonwealth’s General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A.

“Series 2005A Bonds” means the Commonwealth’s \$536,685,000 General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A.

“Series 2010A Bonds” means the Commonwealth’s General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A.

“Series 2011A Bonds” means the Commonwealth’s General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A.

“Series 2005A Refunding Escrow Fund” means The Commonwealth of Massachusetts General Obligation Refunding Bonds, 2005 Series A, Refunding Escrow Fund” established pursuant to the Refunding Escrow Agreement dated as of March 15, 2005 between the Commonwealth and The Bank of New York Mellon Trust Company, N.A. relating to the Series 2005A Bonds.

“Series 1998A Tax Certificate “ means the Certificate as to Tax Matters, dated September 17, 1998, relating to the Series 1998 A Bonds.

“Series 2005A Tax Certificate “ means the No Arbitrage Certificate and Certificate as to Use of Proceeds, dated March 15, 2005, relating to the Series 2005 A Bonds.

“Series 2010A Tax Certificate” means the Tax and Swap Identification Certificate, dated March 19, 2010, relating to the Series 2010A Bonds.

“SIFMA Index” means the Securities Industry and Financial Markets Association Municipal Swap Index , which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association.

“SIFMA 2011A Refunded Bonds” means a portion of the Commonwealth’s General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A maturing on February 1, 2012, in the amount of \$24,355,000.

“SIFMA 2010A Refunded Bonds” means a portion of the Commonwealth’s General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A maturing on February 1, 2012, in the amount of \$146,335,000.

“Tax Certificate” means the Tax and Swap Identification Certificate to which this Appendix A is attached.

“Tax-Exempt Bond” means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of the Internal Revenue Code of 1954, as amended (the “1954 Code”), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95 percent of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

EXHIBIT A

CERTIFICATE OF THE REPRESENTATIVE

Citigroup Global Markets Inc. (the "Representative") has served as representative of the underwriters with respect to \$171,145,000 aggregate stated principal amount of General Obligation Bonds Refunding Bonds (SIFMA Index Bonds), 2012 Series A, and \$291,705,000 General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (together, the "Bonds"), being issued on the date hereof by The Commonwealth of Massachusetts (the "Commonwealth"). On behalf of the Underwriter, the undersigned hereby certifies and represents the following with respect to the Bonds. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Tax Certificate to which these certifications are attached as an exhibit.

A. Issue Price.

1. As of January 18, 2012 (the "Sale Date"), the Underwriters had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at a price of par.

2. The price of par does not exceed a fair market price of the Bonds as of the Sale Date.

3. As of the date of this certificate, all of the Bonds of each maturity have been offered to the general public in a bona fide offering at a price of par, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such price.

Dated: January 24, 2012.

CITIGROUP GLOBAL MARKETS INC.

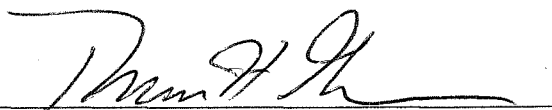
By: 
Authorized Representative

EXHIBIT B

THE 2005A SWAP

<u>Termination Date</u>	<u>Notional Amount</u>	<u>Fixed Rate</u>
6/1/2005	\$2,970,000	2.217%
2/1/2006	3,245,000	2.560
2/1/2007	3,745,000	2.782
2/1/2008	3,850,000	2.925
2/1/2009	8,160,000	3.048
2/1/2010	4,040,000	3.150
2/1/2011	4,170,000	3.243
2/1/2012	4,310,000	3.333
2/1/2013	4,460,000	3.412
2/1/2014	10,065,000	3.486
2/1/2015	4,765,000	3.555
2/1/2016	33,915,000	3.616
2/1/2017	36,510,000	3.672
2/1/2018	4,635,000	3.724
2/1/2019	4,815,000	3.769
2/1/2020	46,320,000	3.802
2/1/2021	49,375,000	3.843
2/1/2022	51,620,000	3.875
2/1/2023	66,885,000	3.903
2/1/2024	56,300,000	3.927
2/1/2025	59,585,000	3.951
2/1/2026	2,660,000	3.970
2/1/2027	95,365,000	3.985
2/1/2028	930,000	4.004

EXHIBIT C-1

THE 2010/2005A SWAP

Start Date: March 24, 2010

Date	2010 Swap Notional Amount	Outstanding Principal Amount of 2010 Bonds	Hedged 2010 Bonds	Unhedged 2010 Bonds
3/24/2010	\$536,685,000	\$538,120,000	\$536,685,000	\$1,435,000
2/1/2011	387,085,000	388,120,000	387,085,000	1,035,000
2/1/2012	237,485,000	238,120,000	237,485,000	635,000
2/1/2013	62,955,000	63,120,000	62,955,000	165,000
2/1/2014	0	0	0	0

EXHIBIT C-2

[Copy of Swap Financial Group Letter Correcting Forward Swap Rates]

Swap Financial Group

Swap Financial Group, LLC
76 South Orange Avenue, Suite 6
South Orange, NJ 07079
(973) 378-5500, fax (973) 378-5575

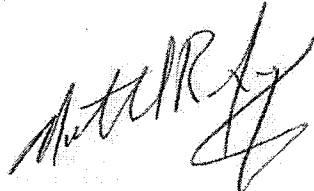
MEMORANDUM

To: Colin MacNaught
Commonwealth of Massachusetts

Joe Forrester
Edwards Wildman Palmer LLP

Isaac Fine
Edwards Wildman Palmer LLP

From: Nat Singer
Swap Financial Group ("SFG")



Concerning: Correction to Certificate of Swap Advisor - 2010A
Transaction

Date: January 23, 2012

This memo is intended to serve as a correction to the CERTIFICATE OF SWAP ADVISOR executed in conjunction with the Commonwealth's 2010 Series A refunding transaction. Specifically, the table on page D-2, section 3 should be replaced with the table below. The order of the numbers on the original document were inadvertently transposed.

<u>Future Refunding Swap</u>	<u>Rate</u>
2011 Swap	3.6272%
2012 Swap	3.7399
2013 Swap	3.7498
2014 Swap	3.5597

EXHIBIT C-3

THE ANTICIPATED 2010A/2012 MATURITY SWAP

Start Date: February 1, 2012

Date	Notional Amount
2/1/2012	\$145,290,000
2/1/2013	145,290,000
2/1/2014	145,290,000
2/1/2015	145,290,000
2/1/2016	145,290,000
2/1/2017	145,290,000
2/1/2018	145,290,000
2/1/2019	145,290,000
2/1/2020	145,290,000
2/1/2021	145,290,000
2/1/2022	136,295,000
2/1/2023	69,410,000
2/1/2024	13,110,000
2/1/2025	0

EXHIBIT C-4

Date	Anticipated 2010A/2012 Maturity Swap Notional Amount	2012/2010A Bonds Maturities	2012/2010A Bonds Balance	2012 Bond Swap Notional Amount	Remaining Anticipated 2010A/2012 Maturity Swap
2/1/2012	\$145,290,000		\$146,725,000	\$145,290,000	
9/1/2012	145,290,000	\$20,670,000	126,055,000	126,055,000	\$19,235,000
2/1/2013	145,290,000	11,095,000	114,960,000	114,960,000	30,330,000
9/1/2013	145,290,000	9,865,000	105,095,000	105,095,000	40,195,000
2/1/2014	145,290,000	11,095,000	94,000,000	94,000,000	51,290,000
9/1/2014	145,290,000	24,605,000	69,395,000	69,395,000	75,895,000
2/1/2015	145,290,000	11,095,000	58,300,000	58,300,000	86,990,000
9/1/2015	145,290,000	30,800,000	27,500,000	27,500,000	117,790,000
2/1/2016	145,290,000	20,970,000	6,530,000	6,530,000	138,760,000
9/1/2016	145,290,000	6,530,000	-	-	145,290,000
2/1/2017	145,290,000				145,290,000
2/1/2018	145,290,000				145,290,000
2/1/2019	145,290,000				145,290,000
2/1/2020	145,290,000				145,290,000
2/1/2021	145,290,000				145,290,000
2/1/2022	136,295,000				136,295,000
2/1/2023	69,410,000				69,410,000
2/1/2024	13,110,000				13,110,000
2/1/2025	-				-

EXHIBIT D

VERIFICATION REPORT

Please see Tab No. 14.

EXHIBIT E

Bond Multipurpose Allocation

Maturity	2012/1998A Bonds	2012/2010A Bonds	2012/2011A Bonds	2012/NM Bonds	Total
9/1/2012	\$27,010,000	\$20,670,000	\$3,440,000	\$14,085,000	\$65,205,000
2/1/2013	14,500,000	11,095,000	1,845,000	7,560,000	35,000,000
9/1/2013	12,895,000	9,865,000	1,640,000	6,725,000	31,125,000
2/1/2014	14,490,000	11,095,000	1,850,000	7,565,000	35,000,000
9/1/2014	32,150,000	24,605,000	4,095,000	16,765,000	77,615,000
2/1/2015	14,495,000	11,095,000	1,845,000	7,565,000	35,000,000
9/1/2015	40,250,000	30,800,000	5,125,000	20,990,000	97,165,000
2/1/2016	27,390,000	20,970,000	3,490,000	14,295,000	66,145,000
9/1/2016	8,525,000	6,530,000	1,090,000	4,450,000	20,595,000
Total	\$191,705,000	\$146,725,000	\$24,420,000	\$100,000,000	\$462,850,000

The Commonwealth of Massachusetts

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

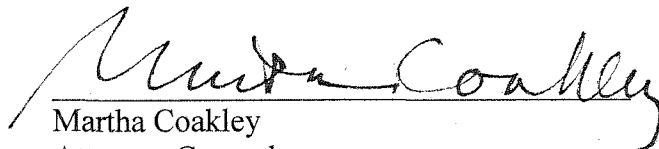
Certificate of Attorney General Concerning Litigation

The undersigned, Martha Coakley, hereby certifies that she is the Attorney General of The Commonwealth of Massachusetts (the "Commonwealth"). Reference is made to (i) the Bond Purchase Agreement dated January 18, 2012 relating to the above-referenced bonds (the "Bonds") executed by the Governor, the Treasurer and Receiver-General and Citigroup Global Markets Inc., as Representative of the Underwriters (the "Bond Purchase Agreement"); (ii) the Preliminary Official Statement relating to the Bonds dated January 13, 2012 (the "Preliminary Official Statement"); and (iii) the Official Statement relating to the Bonds dated January 18, 2012 (the "Official Statement").

I certify on behalf of the Department of the Attorney General that, as of the date hereof, the following statements are true and correct:

No litigation is pending or, to the knowledge of the undersigned, threatened, seeking to restrain or enjoin the issuance, sale, execution and delivery of the Bonds, or the execution, delivery or performance of the Bond Purchase Agreement or in any way contesting or affecting the validity of or security for the Bonds, or the levy or collection of any material portion of the taxes or other revenues of the Commonwealth (except as described in the Official Statement under the caption "Litigation") or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement, or contesting the title to his or her office of any Commonwealth official signing the Bonds or the Official Statement.

Dated: January 24, 2012


Martha Coakley
Attorney General

The Commonwealth of Massachusetts

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)


Debt Limit Certification

We, Steven Grossman and Kathy Sheppard, hereby certify that we are the Treasurer and Receiver-General and Deputy Comptroller, respectively, of The Commonwealth of Massachusetts (the "Commonwealth") and, in connection with the issuance of the above-referenced bonds (the "Bonds"), hereby further certify as follows:

As computed in accordance with the provisions of Section 60A of Chapter 29 of the General Laws, the sum of the principal amounts of all direct bonds issued by the Commonwealth and currently outstanding as of the date set forth on Exhibit A attached hereto, determined without regard to the issuance of the Bonds, is set forth on Exhibit A. No other direct bonds have been issued by the Commonwealth since that date.

As computed in accordance with the provisions of the aforesaid Section 60A, the debt limit for all direct bonds issued by the Commonwealth and outstanding as of the date hereof is the amount set forth on Exhibit A hereto.

Dated: January 24, 2012



Steven Grossman
Treasurer and Receiver-General

Kathy Sheppard
Deputy Comptroller

The Commonwealth of Massachusetts

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Debt Limit Certification

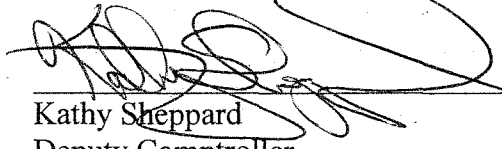
We, Steven Grossman and Kathy Sheppard, hereby certify that we are the Treasurer and Receiver-General and Deputy Comptroller, respectively, of The Commonwealth of Massachusetts (the "Commonwealth") and, in connection with the issuance of the above-referenced bonds (the "Bonds"), hereby further certify as follows:

As computed in accordance with the provisions of Section 60A of Chapter 29 of the General Laws, the sum of the principal amounts of all direct bonds issued by the Commonwealth and currently outstanding as of the date set forth on Exhibit A attached hereto, determined without regard to the issuance of the Bonds, is set forth on Exhibit A. No other direct bonds have been issued by the Commonwealth since that date.

As computed in accordance with the provisions of the aforesaid Section 60A, the debt limit for all direct bonds issued by the Commonwealth and outstanding as of the date hereof is the amount set forth on Exhibit A hereto.

Dated: January 24, 2012

Steven Grossman
Treasurer and Receiver-General



Kathy Sheppard
Deputy Comptroller

Exhibit A

Direct bonds outstanding as of January 1, 2012: \$16,347,172,132.17

Debt Limit: \$18,944,545,614.73

The Commonwealth of Massachusetts

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A
(the "Refunding Bonds")

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)
(the "Consolidated Bonds")

Certificate as to Compliance with Section 53A of Chapter 29

The undersigned, Steven Grossman, Treasurer and Receiver-General of The Commonwealth of Massachusetts (the "Commonwealth"), does hereby certify, in accordance with Section 53A of Chapter 29 of the Massachusetts General Laws, as amended, that the above-referenced Refunding Bonds are being issued as part of a plan of refinancings that commenced on March 19, 2010 to substitute one form of variable rate bonds (SIFMA Index Bonds) for another, namely, the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005 Bonds").

The 2005 Bonds were originally issued as variable rate bonds with a single maturity and annual mandatory sinking fund installments. In connection with the original issuance of the 2005 Bonds, the Commonwealth entered into a series of interest rate swap agreements (the "2005 Swap Contracts") with an initial aggregate notional amount that equaled the original principal amount of the 2005 Bonds and that declined annually each February 1 to match the scheduled annual amortization of the 2005 Bonds. On March 19, 2010, the Commonwealth issued its General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 Bonds"), in an amount sufficient to redeem all of the 2005 Bonds. The Commonwealth's intention at the time of the issuance of the 2010 Bonds was to have the 2005 Swap Contracts remain in effect in order to serve as a hedge with respect to the 2010 Bonds.

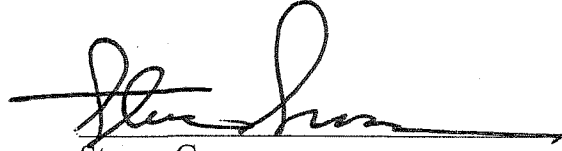
Based upon current then-market conditions, the State Treasurer determined to issue the 2010 Bonds with the terms and conditions described therein and in the Official Statement dated March 11, 2010 as being most advantageous to the Commonwealth in light of such market conditions. Because the amortization schedule of the 2010 Bonds was accelerated relative to the amortization schedule of the 2005 Bonds (and therefore, of the 2005 Swap Contracts), it was the Commonwealth's intention in 2010 to refinance a portion of the 2010 Bonds as they matured or were redeemed prior to maturity, with the issuance of additional refunding bonds (the "Additional Bonds") so that the amortization of the 2010 Bonds and Additional Bonds would match the original scheduled amortization of the 2005 Bonds, and all the 2010 Bonds and all such Additional Bonds were deemed in 2010 to be part of a single plan of financing with respect to the refunding of the 2005 Bonds. The Bonds are being issued as Additional Bonds pursuant to such plan of financing.

Based upon current market conditions, I have determined to issue the Refunding Bonds with the terms and conditions described therein and in the Official Statement dated January 18, 2012 as being most advantageous to the Commonwealth in light of such market conditions.

The undersigned does hereby further certify, in accordance with Section 53A of Chapter 29 of the Massachusetts General Laws, as amended, that a portion of the above-referenced Consolidated Bonds (the "Consolidated Refunding Bonds") in the amount of \$191,195,000.00, are being issued to substitute one form of variable rate bonds (SIFMA Index Bonds) for another, namely, the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A (the "1998 Bonds").

The 1998 Bonds were originally issued as variable rate bonds with a single maturity and annual mandatory sinking fund installments. In connection with the original issuance of the 1998 Bonds, the Commonwealth entered into two interest rate swap agreements (the "1998 Swap Contracts"). The portion of the 1998 Swap Contracts that was allocated to the 1998 Bonds had an initial aggregate notional amount that equaled the original principal amount of the 1998 Bonds. The aggregate notional amount of the 1998 Swap Contracts allocated to the 1998 Bonds declined annually each September 1 to match the scheduled annual amortization of the 1998 Bonds. The Commonwealth intends to have the 1998 Swap Contracts remain in effect following the issuance of the Consolidated Refunding Bonds in order to serve as a hedge with respect to the Consolidated Refunding Bonds, other than with respect to a portion thereof relating to financing costs of the Consolidated Refunding Bonds.

IN WITNESS WHEREOF, the undersigned has executed this certificate this 24th day of January, 2012.

A handwritten signature in black ink, appearing to read 'Steven Grossman', written over a horizontal line.

Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts

The Commonwealth of Massachusetts

\$291,705,000

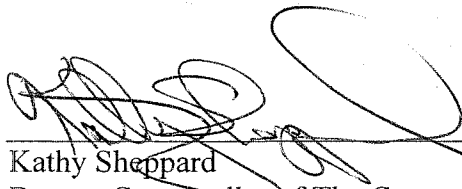
**General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)**

Certificate of the Deputy Comptroller

I, the undersigned, Kathy Sheppard, hereby certify that I am the Deputy Comptroller of The Commonwealth of Massachusetts (the "Commonwealth") and, in connection with the issuance of the above-referenced bonds (the "Bonds"), hereby certify as follows:

1. The attached schedule of bond funds of the Commonwealth was prepared in the Office of the Comptroller from records maintained therein.
2. The column captioned "Net Liquid Assets" on the attached schedule indicates, where the amount is followed by the designation "-", an amount of money which, as of January 18, 2012, has actually been expended from the General Fund of the Commonwealth on projects authorized to be financed from the bond fund in question and for which no notes have been issued.
3. With respect to the amounts referred to in paragraph 2 hereof, the Commonwealth intended to reimburse itself from the proceeds of the sale of bonds issued for such purposes. All such expenditures were made after the Commonwealth issued a Declaration of Intent through the Comptroller in the form attached hereto as Exhibit A (in each case relating to weekly expenditures to be made from the Commonwealth's General Fund) and each such Declaration of Intent was available for inspection by the general public at the office of the Comptroller of the Commonwealth. Such expenditures were made after July 19, 2010.
4. The column captioned "Authorized and Unissued" on the attached schedule indicates, for a particular fund, the amount, as of January 18, 2012, of authorized but unissued bonds of the Commonwealth relating to such fund less the amount of any appropriations relating to such bond authorization which have expired or reverted and less the amount of any federal or other revenues which have been received by the Commonwealth and credited to such fund to finance projects relating to such fund.

IN WITNESS WHEREOF, the undersigned has hereby executed this certificate as of the
24th day of January, 2012.



Kathy Sheppard
Deputy Comptroller of The Commonwealth
of Massachusetts

COMMONWEALTH OF MASSACHUSETTS

REPORT ID: NGA265S
 RUN DATE: 01-25-2012
 RUN TIME: 00:34:17

PAGE : 1

BONDS AUTHORIZED AND UNISSUED
 THROUGH PERIOD 7, FY 2012

FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0007	CHILD WELFARE INFOSYS A95C96S5	\$0.00	\$0.00	\$146,309.44	\$146,309.44	\$0.00
0010	WATER POLLUTION CONTROL82	\$0.00	\$0.00	\$0.00	\$20,148,790.73	\$0.00
0011	STATE ARMORY LOAN 1982	\$1.00	\$0.00	\$0.00	\$338,406.62	\$0.00
0026	0026	\$0.00	\$0.00	\$0.00	\$50,000.00	\$0.00
0042	ENERGY CONSERV BD A83C700	\$0.00	\$0.00	\$0.00	\$34,005.67	\$0.00
005C	ACTS OF 1995 CH.263 S.3	\$5,625.00	\$36,535.00	(\$5,375.00)	\$3,170,813.58	\$0.00
0069	PARKING FACIL. LOAN 1980	\$0.00	\$0.00	\$0.00	\$22,779,384.57	\$0.00
007C	ACTS OF 1995 CH.277 S.5	\$301,335.43	\$908,652.66	\$0.00	\$939,209.21	\$0.00
0084	0084	\$0.00	\$0.00	\$511,164.49	\$0.00	\$0.00
0089	CAP. OUTLAY LOAN ACT 1978	\$0.00	\$0.00	(\$85.16)	\$0.00	\$0.00
008C	ACTS OF 1995 CH.277 S.11	\$0.00	\$0.00	(\$5.95)	\$0.00	\$0.00
0090	CAPITAL OUTLAY LOAN 1979	\$0.00	\$0.00	\$0.00	\$21,000.00	\$0.00
0092	CAPITAL OUTLAY LOAN 1980	\$0.00	\$0.00	\$0.00	\$6,063.19	\$0.00
010C	ENV. ENH. & OPSP&ACQ&PRESA96C15S3	\$115,160.00	\$1,678.87	(\$1,120.00)	\$770,660.25	\$0.00
0119	GREYLOCK GLEN DEV. LN. 1985	\$108,170.00	\$46,365.59	(\$14,202.50)	\$2,547,898.21	\$0.00
011C	ENV ENH&OPSPC&ACQ&PRESA96C15S2	\$0.00	\$0.00	(\$4,990,395.83)	\$7,303,759.75	\$0.00
0123	CH 123A 06S2BNONTAX	\$187,016.50	\$12,783,320.75	\$0.00	\$76,687,016.50	\$0.00
0126	DMH CAP OUTLAY A1987 C167 S.5	\$2,327,768.69	\$22,425.00	\$0.00	\$5,448,644.38	\$0.00
0127	CAPITL OUTLAY LN A87 C199 S127	\$0.00	\$0.00	\$0.00	\$175,203.89	\$0.00
0128	CAP OUT REPAIR LA87 C199 S129	\$0.00	\$0.00	(\$2,030.14)	\$0.00	\$0.00
012C	CRIMJUS. YTHSER&PRSEXP. A96C12S3	\$1,271,988.77	\$875,411.31	(\$385,120.98)	\$30,962,008.64	\$0.00
0133	HSG PRESV NGHBD DEV A93C494S6	\$12,324,494.77	\$1,861,546.14	(\$14,749.00)	\$13,825,490.73	\$0.00
013C	SEAPORT REVIL. LOAN A96C28S3	\$0.00	\$0.00	\$0.00	\$46,150,936.81	\$0.00
0140	TRANSP DEVEL & IMP. A94C273S2D	\$0.00	\$0.00	\$0.00	\$47,818,217.85	\$0.00
0142	TRANSP DEVEL & IMP. A94C273S2G	\$38,400.00	\$6,153.71	(\$3,332.01)	\$2,515,706.71	\$0.00
0144	HI ED CAP. OUTLAY LN A95C267S3	\$901,828.19	\$565,775.23	(\$29,000.00)	\$27,696,013.63	\$0.00
0145	CAP OUT EQP REPLMT A86 C206S77	\$0.00	\$0.00	\$0.00	\$12,595.04	\$0.00
014C	COMM. RAIL. CAP. ENHNCMT A96C28S5	\$0.00	\$0.00	\$0.00	\$35,000,000.00	\$0.00

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FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0150	PUBLIC HOUSING LOAN A87C226S4	\$0.00	\$0.00	\$0.00	\$259,972.77	\$0.00
0153	ENERGY CONSERVATN BD A87C670S3	\$0.00	\$0.00	\$0.00	\$697,408.10	\$0.00
0161	RAIL TRANS LN A88 C15 S27	\$0.00	\$0.00	\$289.76	\$682,392.51	\$0.00
0170	HIGHER ED FACIL LN A88C208S7	\$0.00	\$0.00	\$0.00	\$18,300,422.90	\$0.00
0173	CAP REP+CONST LN A88C208S17	\$0.00	\$0.00	\$1,089.41	\$1,190,412.01	\$0.00
0176	CAPITAL OUTL LN A88C164S94	\$0.00	\$0.00	\$0.00	\$1,723,315.49	\$0.00
0177	CAPITAL OUTL LN A88C164S95	\$0.00	\$0.00	\$0.00	\$3,489,255.30	\$0.00
0194	STATE HSE REN & IMP A92C69S19	\$2,315,394.13	\$637,088.95	(\$81.27)	\$3,491,098.85	\$0.00
0198	CAPITAL REPAIRS & IMPROVEMENTS	\$5,441,396.80	\$4,967,420.56	\$0.00	\$6,298,745.30	\$0.00
019C	RAIL TRNSP. LNA96C205S15	\$0.00	\$0.00	\$0.00	\$126,781.52	\$0.00
020C	AIRPORT CAP. OUTLAY A96C205S17	\$835,116.86	\$542,047.10	(\$23,476.13)	\$27,728,983.23	\$0.00
023C	METRO ST. HOSP. REDEV. LN OF 1996	\$0.00	\$0.00	\$146,310.09	\$233,142.76	\$0.00
027C	Capital Expenditure Act of 200	\$20,201,044.64	\$13,270,165.77	(\$577,549.04)	\$83,973,164.73	\$0.00
031C	ECON. DEV. FACILITIES A97C152S14	\$0.00	\$0.00	\$0.00	\$44,392,221.31	\$0.00
035C	HSING PRSV & NBHD LN S3C257A98	\$11,136.00	\$0.00	\$0.00	\$11,798.71	\$0.00
036C	SUFFOLK COURTHOUSE EXTERIOR	\$3,200.00	\$61,202.15	\$0.00	\$4,620,163.01	\$0.00
040C	C55S4A99HWYCAPIMPLN	\$0.00	\$0.00	\$0.00	\$950,105.11	\$0.00
045C	A2000C237S5	\$95,509.68	\$0.00	\$0.00	\$250,685.18	\$0.00
046C	A2000C237S6	\$0.00	\$0.00	\$0.00	\$1,598,173.92	\$0.00
047C	A2000C238S5	\$100,978.20	\$83,510.88	\$0.00	\$158,606.28	\$0.00
048C	A2000C245S5	\$0.00	\$0.00	\$0.00	\$155,961.08	\$0.00
055C	INFO-TECH LN A2002C142S3	\$2,368,619.60	\$2,257,965.40	\$322,156.66	\$11,877,176.31	\$0.00
056C	A2002 CH 236 SEC 3	\$2,755,095.89	\$1,562,970.22	(\$152,926.26)	\$89,160,390.42	\$0.00
057C	ACT2002C244SEC3	\$4,728,408.35	\$265,582.41	(\$41,790.41)	\$108,178,595.78	\$0.00
058C	A2002C245S4	\$4,061,898.73	\$228,677.75	(\$19,307.25)	\$78,544,486.51	\$0.00
059C	A202C246S4	\$6,406,797.94	\$877,088.42	(\$87,441.88)	\$30,196,417.66	\$0.00
060C	HWY SECURITY IMP PROGRAM LOAN	\$0.00	\$0.00	\$0.00	\$659,802.06	\$0.00
061C	INTERMODAL TRANS IMP LOAN '04	\$196,092.15	\$0.00	\$0.00	\$18,609,561.62	\$0.00

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FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
062C	RAIL TRANS ASSISTANCE LOAN ACT	\$620,979.74	\$489,046.41	(\$86,735.34)	\$3,393,770.56	\$0.00
063C	CAPITAL OUTLAY LOAN '04 - A04C	\$543,851.21	\$2,300,000.00	\$0.00	\$14,297,157.56	\$0.00
064C	MBTA SUBWAY & COMMUTER RAIL LO	\$0.00	\$0.00	\$0.00	\$849,750,000.00	\$0.00
066C	COURT IMP LOAN '04 - A04C290S3	\$15,597,533.66	\$12,948,872.96	(\$311,495.06)	\$56,998,353.74	\$0.00
067C	HOUSING PROD & MOD '04 - A04C2	\$5,587,690.06	\$3,348,213.68	\$0.00	\$5,781,686.06	\$0.00
073C	Housing for Low & Moderate Inc	\$77,830,364.25	\$33,300,015.06	(\$13,835,844.11)	\$545,855,113.34	\$0.00
074C	Housing for Low & Moderate Inc	\$137,474,537.76	\$27,375,109.25	(\$4,278,247.89)	\$400,763,425.58	\$0.00
075C	CH 240 ACTS OF 2010 SEC 2B	\$0.00	\$0.00	\$0.00	\$25,000,000.00	\$0.00
555C	A08 C258 S3 Public Higher Educ	\$293,907,359.60	\$85,934,807.49	(\$16,786,218.27)	\$1,875,689,808.66	\$0.00
563C	A08 C304 S16 Capital Facilitie	\$6,531,737.56	\$5,166,495.13	(\$101,523.32)	\$314,535,581.79	\$0.00
564C	A08 C304 S17 Capital Improveme	\$43,813,164.22	\$34,407,177.58	(\$10,362,912.84)	\$230,211,721.93	\$0.00
565C	A08 C304 S18 Capital Improveme	\$76,698,568.45	\$34,879,156.27	(\$5,978,358.84)	\$667,565,185.84	\$0.00
565L	A08 C304 S18 Capital Improveme	\$72,014,699.45	\$16,309,106.96	(\$1,435,339.07)	\$637,467,721.51	\$0.00
565T	A08 C304 S18 Capital Improveme	\$544,029.80	\$721,798.05	(\$3,276,560.27)	\$283,610,433.25	\$0.00
566L	A08 C304 S19 Capital Improveme	\$17,639,661.88	\$8,861,793.25	(\$39,381,903.75)	\$560,000,000.00	\$0.00
567C	A08 C312 S15 Preservation/Impr	\$58,941,986.84	\$41,430,184.81	(\$5,704,887.26)	\$981,147,295.92	\$0.00
568C	A08 C312 S16 Environmental Tr	\$10,622,714.35	\$7,473,093.53	(\$344,714.93)	\$269,135,768.65	\$0.00
569C	A08 C130 S46 Life Sciences Cen	\$5,424,816.35	\$22,146,387.56	(\$837,721.62)	\$404,762,537.97	\$0.00
570T	A08 C231 S2 MA Broadband Bill	\$24,298,307.10	\$1,264,938.14	\$0.00	\$24,298,307.10	\$0.00
AHT2	Affordable Housing Trust Fund	\$4,852.75	\$0.00	\$0.00	\$1,462,187.01	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$6,151,525.00	\$0.00	\$0.00	\$0.00
CEA7	Capital Expenditure Act of 200	\$60,524,117.87	\$28,668,041.65	(\$416,151.21)	\$101,695,582.48	\$0.00
Q123	CH 123A 06 S2BTAX	\$5,989,951.07	\$3,730,113.96	(\$126,673.78)	\$34,809,220.71	\$0.00
FUND TOTALS:		\$981,713,401.29	\$418,767,460.61	(\$108,485,956.52)	\$9,170,338,235.49	\$0.00

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FUND: 0201 Capital Investment Trust Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
028C	CAPITAL INVESTMENT TRUST FUND	\$0.00	\$0.00	\$0.00	\$101,968.40	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$0.00	\$101,968.40	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0203 Convention Center and Exhibition Center Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
032C	S. O. BNDS(CONV. CTR) A97C152S11	\$0.00	\$0.00	\$8,392,626.94	\$0.00	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$8,392,626.94	\$0.00	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0204 Capital Improvement and Investment Trust Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
041C	C55 ACTS OF 1999 S2A	\$0.00	\$0.00	(\$80,791.57)	\$150,364.92	\$0.00
043C	A2000C236S81	\$0.00	\$0.00	(\$40,322.49)	\$3,517,963.49	\$0.00
FUND TOTALS:		\$0.00	\$0.00	(\$121,114.06)	\$3,668,328.41	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0210 Highway Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0207	ACCEL TRANSP & DEV. A94C273S2A	\$1,116,705.87	\$124,572.45	(\$66,706.56)	\$8,000,914.77	\$0.00
0208	ACCEL TRANSP & DEV. A94C273S2B	\$422,947.59	\$127,351.52	\$0.00	\$2,733,727.67	\$0.00
0247	HIGHWAY IMPR LN, CH15, S10, A88	\$0.00	\$0.00	\$0.00	\$912,721.86	\$0.00
0253	HIGHWAY IMPROVEMNT LN A91C33S11	\$0.00	\$0.00	\$0.00	\$5,000,000.00	\$0.00
0255	HIGHWAY IMPROVEMNT LN A91C33S13	\$0.00	\$0.00	(\$0.90)	\$0.00	\$0.00
0268	HWY IMP LN A94C102S4	\$0.00	\$0.00	\$180,170.00	\$62,194.49	\$0.00
0269	Municipal Ways A11C10S2	\$157,961,526.32	\$41,924,224.68	(\$7,117,209.57)	\$165,192,984.89	\$0.00
503C	HWY IMPRVMT LN ACT A96C113S4	\$59,768.37	\$92,612.54	(\$2,253.75)	\$121,127.28	\$0.00
505C	HWY IMPRVMT LN A96C205S4	\$294,432.25	\$2,142,076.19	(\$237,692.66)	\$70,368,035.40	\$0.00
507C	HWY IMPRVMT LN A96C205S6	\$0.00	\$0.00	\$0.00	\$2,538.58	\$0.00
509C	INTERMODAL TRNP. IMP. A96C205S13	\$0.00	\$0.00	\$74,054.12	\$1,710,029.70	\$0.00
513C	PROJECT PLANNING & COORDINATN	\$4,974,754.22	\$953,772.79	(\$276,254.05)	\$90,271,122.59	\$0.00
517C	HWY IMPRVNT LN A07C27S8	\$90,026,143.92	\$18,896,066.61	(\$2,782,417.62)	\$116,600,675.05	\$0.00
521C	C53S2CA99HWYIMPLN	\$0.00	\$0.00	\$0.00	\$22.63	\$0.00
523C	C55S4A99HWYCAPIMPLN	\$72,184.58	\$880,262.36	(\$130,483.65)	\$512,293.59	\$0.00
527C	HWY IMP LN ACT 2000 A00C87S5	\$0.00	\$0.00	(\$1.88)	\$34,351,309.53	\$0.00
530C	A2000C235S5(2B)	\$5,602,347.73	\$2,520,750.47	(\$149,284.70)	\$85,252,539.82	\$0.00
531C	A2000C235S6(2C)	\$67,055.88	\$17,895.13	\$0.00	\$5,339,097.49	\$0.00
532C	A2000C235S7(2D)	\$600,362.85	\$0.00	\$0.00	\$1,330,021.38	\$0.00
533C	A2000C535S8(2E)	\$668,576.68	\$3,117,383.08	(\$246,750.96)	\$10,901,449.71	\$0.00
543C	SPEC OBL REV HWY IMP LOAN '04	\$47,508,531.60	\$14,332,899.70	(\$1,768,653.20)	\$211,994,375.13	\$0.00
544C	HWY IMP LOAN '04 - A04C291S5	\$58,095,873.54	\$17,141,766.86	(\$1,997,265.28)	\$75,661,960.84	\$0.00
545C	HWY IMP LOAN '04 - A04C291S6	\$0.00	\$0.00	\$0.00	\$3,007,792.94	\$0.00
546C	RTA IMP LOAN '04 - A04C291S8	\$306,078.00	\$0.00	(\$2,273,515.50)	\$3,977,614.97	\$0.00
547C	MOBILITY ASSISTANCE PROG IMP L	\$0.00	\$0.00	\$18,617.60	\$2,304.89	\$0.00
550C	Trans Imp Bill A08C86S2A	\$38,239,884.46	\$17,494,376.06	(\$994,099.07)	\$66,055,454.73	\$0.00
551C	Trans Imp Bill A08C86S2B	\$26,740,690.49	\$5,056,626.24	(\$731,084.04)	\$32,462,013.64	\$0.00
552C	Trans Imp Bill A08C86S2C	\$22,871.18	\$1,398,426.68	\$0.00	\$5,869,143.51	\$0.00

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FUND: 0210 Highway Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
553C	Trans Imp Bill A08C86S2D	\$37,887,134.50	\$13,447,673.80	(\$5,466,360.31)	\$689,898,756.81	\$0.00
554C	C233 8 A 08 Structurally Defi	\$280,694,012.44	\$172,743,902.88	(\$107,091,818.81)	\$2,311,413,298.24	\$0.00
556C	A08 C303 S47 Transportation Im	\$60,736,989.95	\$85,343,647.01	(\$47,815,832.23)	\$535,611,053.26	\$0.00
557C	A08 C303 S48 Transportation Im	\$103,161,550.44	\$31,310,567.09	(\$5,528,959.03)	\$202,636,318.04	\$0.00
558C	A08 C303 S49 Transportation Im	\$66,965,115.07	\$2,276,180.53	(\$17,337,613.24)	\$186,628,786.41	\$0.00
558T	A08 C303 S49 Transportation Im	\$0.00	\$0.00	\$0.00	\$20,000,000.00	\$0.00
559C	A08 C303 S50 Transportation Im	\$120,395.09	\$51,402.09	(\$9,837.50)	\$16,015,688.27	\$0.00
560C	A08 C303 S51 Transportation Im	\$0.00	\$0.00	\$0.00	\$72,000,000.00	\$0.00
561C	A08 C303 S52 Transportation Im	\$0.00	\$0.00	\$0.00	\$40,000,000.00	\$0.00
562C	A08 C303 S53 Transportation Im	\$0.00	\$0.00	\$0.00	\$15,366,500.00	\$0.00
572C	CH 240 ACTS OF 2010 SEC 2B	\$399,975.00	\$8,159,642.62	\$0.00	\$35,431,738.69	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$11,219,950.00	\$0.00	\$0.00	\$0.00
DR05	Cross Over Refunding 2005-A	\$0.00	\$0.00	\$1,824.49	\$0.00	\$0.00
FUND TOTALS:		\$982,745,908.02	\$450,774,029.38	(\$201,749,428.30)	\$5,122,695,606.80	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0211 State Bond Share Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0252	HIGHWAY IMPROVEMNT LN A91C33S10	\$0.00	\$0.00	(\$1,047.00)	\$53,166,787.18	\$0.00
0287	HWY IMP LN A94C273S4	\$0.00	\$170,162.00	(\$976,876.00)	\$60,699,133.00	\$0.00
0288	HWY IMP LN A94C102S3	\$0.00	\$0.00	\$13,622.00	\$70,016,235.00	\$0.00
502C	HWY IMPRVMT LN ACT A96C113S3	\$0.00	(\$1.00)	(\$33,417.56)	\$7,982,434.56	\$0.00
504C	HWY IMPRVMT LN A96C205S3	\$0.00	\$0.00	\$0.00	\$4,488,943.00	\$0.00
510C	A97C11S3 HWY IMP LOAN 1997	\$0.00	\$0.00	\$0.38	\$38,321,046.62	\$0.00
511C	A97C11S5 HWY IMP LOAN 1997	\$0.00	\$0.00	\$0.00	\$57,585,090.00	\$0.00
512C	A97C11S9 HWYIMPLN 97GANS/BNDS	\$0.00	\$0.00	\$0.00	\$216,002.00	\$0.00
522C	C55S3A99HWYCAPIMPLN	\$0.00	\$7,584.00	(\$250,857.00)	\$284,740.00	\$0.00
526C	HWY IMP LN ACT 2000 A00C87S4	\$0.00	\$14,050.00	(\$82,825.00)	\$12,232,224.00	\$0.00
527C	HWY IMPRVNT LN A07C27S7	\$0.00	(\$1,309,080.00)	(\$47,862,106.94)	\$49,373,707.94	\$0.00
528C	A2000 C235 S3(2)	\$0.00	\$320,853.00	(\$5,131,183.67)	\$33,942,099.67	\$0.00
529C	A2000C235S4(2A)	\$0.00	\$0.00	(\$2,801,388.81)	\$167,313,390.80	\$0.00
541C	ACTS OF 2003 CH.40 SEC.3	\$0.00	(\$2,747,399.00)	(\$20,262,110.22)	\$39,966,359.22	\$0.00
542C	HWY IMP LOAN '04 - A04C291S3	\$0.00	\$475,636.00	(\$8,213,446.37)	\$27,050,601.37	\$0.00
549C	A08C86S2 Trans Imp Bill State	\$0.00	\$34,390,772.00	(\$114,807,898.74)	\$385,167,020.73	\$0.00
CAT1	CA/T (0202/0252) A91C33S10	\$0.00	\$0.00	\$0.00	\$10,216,908.00	\$0.00
CAT2	CA/T (0288) A94C102S3	\$0.00	\$0.00	(\$496.00)	\$22,358,452.00	\$0.00
CAT3	CA/T (0290/0287) A94C273S4	\$0.00	\$0.00	(\$1,822,449.00)	\$4,097,037.00	\$0.00
CAT4	CA/T (504C) A96C205S3	\$0.00	\$0.00	\$0.00	\$334,750.00	\$0.00
CAT5	CA/T (502C) A96C113S4	\$0.00	\$0.00	\$0.00	\$2,938,804.00	\$0.00
CAT6	CA/T (510C) A97C11S3	\$0.00	\$0.00	(\$43,609.00)	\$68,903,836.00	\$0.00
FUND TOTALS:		\$0.00	\$31,322,577.00	(\$202,276,088.93)	\$1,116,655,602.09	\$0.00

COMMONWEALTH OF MASSACHUSETTS

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BONDS AUTHORIZED AND UNISSUED
THROUGH PERIOD 7, FY 2012

FUND: 0212 Central Artery Statewide Road & Bridge Infrastructure Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
525C	CAT/TWT INF LN A2000 A00C87S3	\$861,006.70	\$23,324.45	\$5,998,085.51	\$4,282.86	\$0.00
538C	GO BOND SALE 2002C	\$56,664.12	\$2,840.42	\$85,586.82	\$0.00	\$0.00
C228	C/A CH 228 PROCEEDS	\$1,005,136.84	\$1,501,083.02	\$20,235,558.77	\$0.00	\$0.00
DFSD	OP FNDS TRFR A2000 C87S15	\$100.00	\$0.00	\$972.03	\$0.00	\$0.00
PKE3	MASS PIKE PMT A2000 C87 S11	\$0.00	\$0.00	\$147.95	\$0.00	\$0.00
PRT3	MASS PORT PMT A2000 C87 S11	\$100.00	\$0.00	\$226.50	\$0.00	\$0.00
RMV1	EXCESS RMV REVENUESS15C87A2000	\$1,007,165.23	\$236,598.91	\$52,056,421.52	\$0.00	\$0.00
FUND TOTALS:		\$2,930,172.89	\$1,763,846.80	\$78,376,999.10	\$4,282.86	\$0.00

COMMONWEALTH OF MASSACHUSETTS

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BONDS AUTHORIZED AND UNISSUED
THROUGH PERIOD 7, FY 2012

FUND: 0240 Metro Parks Capital

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0375	Met Parks Dis Loan	\$0.00	\$0.00	\$0.07	\$87,633.83	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$0.07	\$87,633.83	\$0.00

COMMONWEALTH OF MASSACHUSETTS

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BONDS AUTHORIZED AND UNISSUED
THROUGH PERIOD 7, FY 2012

FUND: 0271 Local Aid Capital Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0373	CHARLES RIV. WTR. QLTY. LN72	\$0.00	\$0.00	\$0.00	\$4,869.05	\$0.00
0603	LOC SLD WST FAC L&G A87C584S27	\$0.00	\$0.00	\$10,069.48	\$0.00	\$0.00
0607	CRTHSE CONST&REN LN A88C203S28	\$0.00	\$0.00	\$0.00	\$1,700.00	\$0.00
0608	IMPROVEMENT CT HSES A88C203S24	\$0.00	\$0.00	\$0.00	\$7,187.50	\$0.00
0613	CAP OTLY LN A94C85S3	\$8,550.00	\$34,257.00	(\$8,471.00)	\$1,028,095.24	\$0.00
0618	TRANSP DEVEL & IMP. A94C273S2K	\$0.00	\$0.00	\$0.00	\$9,914,237.31	\$0.00
0656	WATER POLLUTION CTRL F276 A85	\$0.00	\$0.00	\$0.00	\$7,331.00	\$0.00
700C	700C	\$0.00	\$0.00	\$10,835.00	(\$10,835.00)	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$8,704,025.00	\$0.00	\$0.00	\$0.00
SBA1	MASS SCHOOL BUILD ASSIS FUND L	\$0.00	\$0.00	\$0.01	(\$0.01)	\$0.00
FUND TOTALS:		\$8,550.00	\$8,738,282.00	\$12,433.49	\$10,952,585.09	\$0.00

COMMONWEALTH OF MASSACHUSETTS

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BONDS AUTHORIZED AND UNISSUED
THROUGH PERIOD 7, FY 2012

FUND: 0278 Government Land Bank Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0650	GOVT LAND BANK FD LN A77C732S6	\$2,800,903.00	\$710,129.00	(\$602,904.00)	\$8,977,112.57	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$89,337.50	\$0.00	\$0.00	\$0.00
FUND TOTALS:		\$2,800,903.00	\$799,466.50	(\$602,904.00)	\$8,977,112.57	\$0.00

COMMONWEALTH OF MASSACHUSETTS

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BONDS AUTHORIZED AND UNISSUED
THROUGH PERIOD 7, FY 2012

FUND: 0289 Bond Ahead Fund (Holding account - memo only)

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0000	Zero Subfund for 0289 Fund	\$0.00	\$0.00	\$113,368.59	\$0.00	\$0.00
0286	Bond ahead Sales in Advance of	\$0.00	\$0.00	\$1,047,374,465.21	\$0.00	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$1,047,487,833.80	\$0.00	\$0.00
GRAND FUND TOTALS:		\$1,970,198,935.20	\$912,165,662.29	\$621,034,401.59	\$15,433,481,355.54	\$0.00

Exhibit A



The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, Massachusetts 02108

MARTIN J. BENISON
COMPTROLLER

PHONE: (617) 727-5000
FAX: (617) 727-2163
INTERNET: <http://www.mass.gov/osc>

DECLARATION OF OFFICIAL INTENT

The undersigned, Comptroller of The Commonwealth of Massachusetts (the "Commonwealth"), hereby states the following:

1. This shall constitute a "Declaration of Official Intent" pursuant to the provisions of Section 1.150-2 U.S. Department of Treasury Regulations.
2. The Commonwealth expects to spend amounts on deposit in its General Fund to pay the costs of Capital expenditures (the "Expenditures") in the amounts and for the purposes as described in the reports referred to in Schedule A hereto. The Commonwealth reasonably expects to reimburse itself for all such Expenditures with the proceeds of debt to be incurred by the Commonwealth. The amount of such Expenditures is the maximum principal amount of debt the Commonwealth intends to issue for each such purpose. The maximum principal amount of bonds expected to be issue under each bond authorized to which such Expenditures relate is set forth on Schedule B hereto.

In Witness Whereof, the undersigned has executed this Declaration of Official Intent this 10th day of JAN 2012.

THE COMMONWEALTH OF MASSACHUSETTS

BY:

Comptroller

SCHEDULE A

The following reports are available for public inspection at the Office of the Comptroller, One Ashburton Place, Room 909, Boston MA 02108 and are hereby incorporated in the Declaration of Official Intent by reference:

1. Amount of Expenditures to be reimbursed by debt. Such amounts are set forth in the following reports:

Warrant Analysis by Appropriation Type (Capital Expenditures)	MMARS Report NAP625W
Summary of Warranted Payments by Fund	MMARS Report NAP627WS
Detail Monthly Warranted Payments by Fund/Class	MMARS Report NAP627WD

2. Purpose of Expenditures. The Expenditures Classification Handbook outlines a description of expenditures incorporated herein by reference.

SCHEDULE B- BONDS AUTHORIZED AND UNISSUED AS OF:

Month JAN Day 4th 2012 MMARS REPORT NGA265S

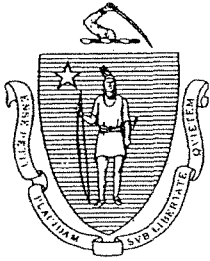
EXECUTIVE SECRETARY

JAN 10 2012

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SCHEDULE C-BOND FUNDS

Fund - 182	<u>Capital Expenditure Reserve Fund</u>	Established for the purpose of recording Central Artery / Third Harbor Tunnel expenditures funded by revenues received from the Massachusetts Turnpike Authority and the Massachusetts Port Authority.
Fund - 200	<u>General Capital Projects</u>	Various purpose capital projects which include asbestos removal from schools, pier redevelopment, water pollution control facilities, public housing, public buildings, correctional facilities environmental facilities, airport facilities, cultural facilities, and mass transit all as more particularly described in Schedule B above.
Fund - 201	<u>Capital Investment Trust Fund</u>	Various purpose capital projects which includes appropriations for infrastructure, economic development, information technology and housing. These appropriations are funded by transfers of operating surpluses.
Fund - 202	<u>Capital Reserve Offset Fund</u>	Surplus operating revenue as determined by the Comptroller in accordance with Section 5C of Chapter 29MGL to be applied to various bond authorizations in lieu of proceeds from the issuance of long term debt.
Fund - 203	<u>Boston Convention and Exhibition Center Fund</u>	Various convention center projects includes Boston convention center project, Springfield Civic Center, Worcester Convention Center, basketball hall of fame all as more particularly described in Schedule B above.
Fund - 204	<u>Capital Improvement and Investment Trust Fund</u>	Various purpose capital projects which includes appropriations for infrastructure, economic development, information technology and housing. Transfers of operating surpluses fund these appropriations.
Fund - 210	<u>Highway capital Projects</u>	Various highway and related transportation projects, all more particularly described in Schedule B above.
Fund - 220	<u>Inland Fish and Game Capital Projects</u>	Various fish and game capital projects, all as more particularly described in Schedule B above.
Fund - 230	<u>State Recreation Area Capital Projects</u>	Various capital projects for recreation areas within the Commonwealth, all as more particularly described in Schedule B above.
Fund - 240	<u>Metro Parks Capital Projects</u>	Various parks projects within the metropolitan Boston area, all as more particularly described in Schedule B above.
Fund - 270	<u>General Obligation Federally Assisted Housing</u>	Various federally assisted housing projects, all more particularly described in Schedule B above.
Fund - 271	<u>Local Aid capital Projects</u>	Various projects for municipalities including schools, highway improvements, library facilities, water pollution abatement, solid waste facilities, community development facilities; and courthouse facilities, all more particularly described in Schedule B above.
Fund - 272	<u>Lockup Facilities</u>	Various correctional facilities, all as more particularly described in Schedule B above.
Fund - 273	<u>Suffolk County Jail</u>	Construction of new Suffolk County Jail, all as more particularly described in Schedule B above.
Fund - 274	<u>County Correctional Institution</u>	County correctional facilities, all as more particularly described in Schedule B above.
Fund - 275	<u>Local Infrastructure</u>	Various municipal capital projects, all as more particularly described in Schedule B above.
Fund - 276	<u>Water Pollution Control</u>	Various water pollution control projects, all as more particularly described in Schedule B above.
Fund - 278	<u>Government Land Bank</u>	Various capital projects for the Massachusetts Government Land Bank, all as more particularly described in Schedule B above.
Fund - 279	<u>Environmental Challenge</u>	Various environmental facilities, all more particularly described in Schedule B above.
Fund - 280	<u>Intercity Bus Capital Projects</u>	Various intercity bus capital projects, all as more particularly described in Schedule B above.



The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, Massachusetts 02108

MARTIN J. BENISON
COMPTROLLER

PHONE: (617) 727-5000
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DECLARATION OF OFFICIAL INTENT

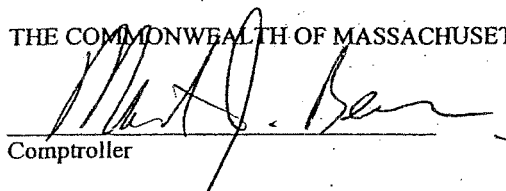
The undersigned, Comptroller of The Commonwealth of Massachusetts (the "Commonwealth"), hereby states the following:

1. This shall constitute a "Declaration of Official Intent" pursuant to the provisions of Section 1.150 of U.S. Department of Treasury Regulations.
2. The Commonwealth expects to spend amounts on deposit in its General Fund to pay the costs of Capital expenditures (the "Expenditures") in the amounts and for the purposes as described in the reports referred to in Schedule A hereto. The Commonwealth reasonably expects to reimburse itself for all such Expenditures with the proceeds of debt to be incurred by the Commonwealth. The amount of such Expenditures is the maximum principal amount of debt the Commonwealth intends to issue for each such purpose. The maximum principal amount of bonds expected to be issued under each bond authorized to which such Expenditures relate is set forth on Schedule B hereto.

In Witness Whereof, the undersigned has executed this Declaration of Official Intent this 17th day of Jan, 2012.

THE COMMONWEALTH OF MASSACHUSETTS

BY:


Comptroller

SCHEDULE A

The following reports are available for public inspection at the Office of the Comptroller, One Ashburton Place, Room 909, Boston MA 02108 and are hereby incorporated in the Declaration of Official Intent by reference:

1. Amount of Expenditures to be reimbursed by debt. Such amounts are set forth in the following reports.

Warrant Analysis by Appropriation Type (Capital Expenditures)	MMARS Report NAP625W
Summary of Warranted Payments by Fund	MMARS Report NAP627WS
Detail Monthly Warranted Payments by Fund/Class	MMARS Report NAP627WD

2. Purpose of Expenditures. The Expenditures Classification Handbook outlines a description of expenditures incorporated herein by reference.

SCHEDULE B- BONDS AUTHORIZED AND UNISSUED AS OF:

Month Jan Day 11th 2012 MMARS REPORT NGA265S

SCHEDULE C-BOND FUNDS

Fund - 182	<u>Capital Expenditure Reserve Fund</u>	Established for the purpose of recording Central Artery / Third Harbor Tunnel expenditures funded by revenues received from the Massachusetts Turnpike Authority and the Massachusetts Port Authority.
Fund - 200	<u>General Capital Projects</u>	Various purpose capital projects which include asbestos removal from schools, pier redevelopment, water pollution control facilities, public housing, public buildings, correctional facilities environmental facilities, airport facilities, cultural facilities, and mass transit all as more particularly described in Schedule B above.
Fund - 201	<u>Capital Investment Trust Fund</u>	Various purpose capital projects which includes appropriations for infrastructure, economic development, information technology and housing. These appropriations are funded by transfers of operating surpluses.
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The Commonwealth of Massachusetts

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Certificate as to Allocation of Bond Proceeds

The undersigned, Steven Grossman, Treasurer and Receiver-General of The Commonwealth of Massachusetts (the "Commonwealth"), hereby certifies as follows:

1. The Commonwealth is issuing, as of the date hereof, its \$171,145,000 aggregate principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A, dated the date of their delivery (the "Refunding Bonds"). Pursuant to the provisions of Section 49 of Chapter 29 of the Massachusetts General Laws, as amended, \$170,693,684.22 of the net proceeds of the Refunding Bonds (representing the par amount of Refunding Bonds, \$171,145,000.00, minus underwriters' discount of \$451,315.78) is being allocated pursuant to Section 53A of Chapter 29 of the Massachusetts General Laws, as amended.

2. The Commonwealth is issuing, as of the date hereof, its \$291,705,000 aggregate principal amount of General Obligation Bonds, Consolidated Loan of 2012, Series A, dated the date of their delivery (the "Consolidated Bonds"). Pursuant to the provisions of Section 49 of Chapter 29 of the Massachusetts General Laws, as amended, and the statutes referenced in Schedule A (collectively, the "Statutes"), the Consolidated Bonds are being consolidated and \$290,929,142.28 of net proceeds of the Consolidated Bonds (representing the par amount of the Consolidated Bonds, \$291,705,000.00, minus underwriters' discount of \$775,857.72), is being allocated as follows: (i) \$99,734,142.28 is being allocated to one or more of the various bond authorizations described on Schedule A hereto, and (ii) \$191,195,000.00 is being allocated pursuant to Section 53A of Chapter 29 of the Massachusetts General Laws, as amended.

3. In accordance with the provisions of the Statutes, net proceeds of the Consolidated Bonds in the amount of \$99,734,142.28 will be allocated to one or more of the reporting categories described in Schedule A hereto subsequent to the date hereof as expenditures are made, subject to the approval of bond counsel.

IN WITNESS WHEREOF, the undersigned has executed this certificate this 24th day of January, 2012.

A handwritten signature in black ink, appearing to read "Steven Grossman", written over a horizontal line.

Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts

Schedule A

COMMONWEALTH OF MASSACHUSETTS

REPORT ID: NGA265S
 RUN DATE: 01-25-2012
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BONDS AUTHORIZED AND UNISSUED
 THROUGH PERIOD 7, FY 2012

FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0007	CHILD WELFARE INFOSYS A95C96S5	\$0.00	\$0.00	\$146,309.44	\$146,309.44	\$0.00
0010	WATER POLLUTION CONTROL82	\$0.00	\$0.00	\$0.00	\$20,148,790.73	\$0.00
0011	STATE ARMORY LOAN 1982	\$1.00	\$0.00	\$0.00	\$338,406.62	\$0.00
0026	0026	\$0.00	\$0.00	\$0.00	\$50,000.00	\$0.00
0042	ENERGY CONSERV BD A83C700	\$0.00	\$0.00	\$0.00	\$34,005.67	\$0.00
005C	ACTS OF 1995 CH.263 S.3	\$5,625.00	\$36,535.00	(\$5,375.00)	\$3,170,813.58	\$0.00
0069	PARKING FACIL. LOAN 1980	\$0.00	\$0.00	\$0.00	\$22,779,384.57	\$0.00
007C	ACTS OF 1995 CH.277 S.5	\$301,335.43	\$908,652.66	\$0.00	\$939,209.21	\$0.00
0084	0084	\$0.00	\$0.00	\$511,164.49	\$0.00	\$0.00
0089	CAP. OUTLAY LOAN ACT 1978	\$0.00	\$0.00	(\$85.16)	\$0.00	\$0.00
008C	ACTS OF 1995 CH.277 S.11	\$0.00	\$0.00	(\$5.95)	\$0.00	\$0.00
0090	CAPITAL OUTLAY LOAN 1979	\$0.00	\$0.00	\$0.00	\$21,000.00	\$0.00
0092	CAPITAL OUTLAY LOAN 1980	\$0.00	\$0.00	\$0.00	\$6,063.19	\$0.00
010C	ENV. ENH. & OPSP&ACQ&PRESA96C15S3	\$115,160.00	\$1,678.87	(\$1,120.00)	\$770,660.25	\$0.00
0119	GREYLOCK GLEN DEV. LN. 1985	\$108,170.00	\$46,365.59	(\$14,202.50)	\$2,547,898.21	\$0.00
011C	ENV ENH&OPSPC&ACQ&PRESA96C15S2	\$0.00	\$0.00	(\$4,990,395.83)	\$7,303,759.75	\$0.00
0123	CH 123A 06S2BNONTAX	\$187,016.50	\$12,783,320.75	\$0.00	\$76,687,016.50	\$0.00
0126	DMH CAP OUTLAY A1987 C167 S.5	\$2,327,768.69	\$22,425.00	\$0.00	\$5,448,644.38	\$0.00
0127	CAPITL OUTLAY LN A87 C199 S127	\$0.00	\$0.00	\$0.00	\$175,203.89	\$0.00
0128	CAP OUT REPAIR LA87 C199 S129	\$0.00	\$0.00	(\$2,030.14)	\$0.00	\$0.00
012C	CRIMJUS. YTHSER&PRSEXP. A96C12S3	\$1,271,988.77	\$875,411.31	(\$385,120.98)	\$30,962,008.64	\$0.00
0133	HSG PRESV NGHBD DEV A93C494S6	\$12,324,494.77	\$1,861,546.14	(\$14,749.00)	\$13,825,490.73	\$0.00
013C	SEAPORT REVIL. LOAN A96C28S3	\$0.00	\$0.00	\$0.00	\$46,150,936.81	\$0.00
0140	TRANSP DEVEL & IMP. A94C273S2D	\$0.00	\$0.00	\$0.00	\$47,818,217.85	\$0.00
0142	TRANSP DEVEL & IMP. A94C273S2G	\$38,400.00	\$6,153.71	(\$3,332.01)	\$2,515,706.71	\$0.00
0144	HI ED CAP. OUTLAY LN A95C267S3	\$901,828.19	\$565,775.23	(\$29,000.00)	\$27,696,013.63	\$0.00
0145	CAP OUT EQP REPLMT A86 C206S77	\$0.00	\$0.00	\$0.00	\$12,595.04	\$0.00
014C	COMM. RAIL. CAP. ENHNCMT A96C28S5	\$0.00	\$0.00	\$0.00	\$35,000,000.00	\$0.00

COMMONWEALTH OF MASSACHUSETTS

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BONDS AUTHORIZED AND UNISSUED
 THROUGH PERIOD 7, FY 2012

FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0150	PUBLIC HOUSING LOAN A87C226S4	\$0.00	\$0.00	\$0.00	\$259,972.77	\$0.00
0153	ENERGY CONSERVATN BD A87C670S3	\$0.00	\$0.00	\$0.00	\$697,408.10	\$0.00
0161	RAIL TRANS LN A88 C15 S27	\$0.00	\$0.00	\$289.76	\$682,392.51	\$0.00
0170	HIGHER ED FACIL LN A88C208S7	\$0.00	\$0.00	\$0.00	\$18,300,422.90	\$0.00
0173	CAP REP+CONST LN A88C208S17	\$0.00	\$0.00	\$1,089.41	\$1,190,412.01	\$0.00
0176	CAPITAL OUTL LN A88C164S94	\$0.00	\$0.00	\$0.00	\$1,723,315.49	\$0.00
0177	CAPITAL OUTL LN A88C164S95	\$0.00	\$0.00	\$0.00	\$3,489,255.30	\$0.00
0194	STATE HSE REN & IMP A92C69S19	\$2,315,394.13	\$637,088.95	(\$81.27)	\$3,491,098.85	\$0.00
0198	CAPITAL REPAIRS & IMPROVEMENTS	\$5,441,396.80	\$4,967,420.56	\$0.00	\$6,298,745.30	\$0.00
019C	RAIL TRNSP. LNA96C205S15	\$0.00	\$0.00	\$0.00	\$126,781.52	\$0.00
020C	AIRPORT CAP. OUTLAY A96C205S17	\$835,116.86	\$542,047.10	(\$23,476.13)	\$27,728,983.23	\$0.00
023C	METRO ST. HOSP. REDEV. LN OF 1996	\$0.00	\$0.00	\$146,310.09	\$233,142.76	\$0.00
027C	Capital Expenditure Act of 200	\$20,201,044.64	\$13,270,165.77	(\$577,549.04)	\$83,973,164.73	\$0.00
031C	ECON. DEV. FACILITIES A97C152S14	\$0.00	\$0.00	\$0.00	\$44,392,221.31	\$0.00
035C	HSING PRSV & NBHD LN S3C257A98	\$11,136.00	\$0.00	\$0.00	\$11,798.71	\$0.00
036C	SUFFOLK COURTHOUSE EXTERIOR	\$3,200.00	\$61,202.15	\$0.00	\$4,620,163.01	\$0.00
040C	C55S4A99HWYCAPIMPLN	\$0.00	\$0.00	\$0.00	\$950,105.11	\$0.00
045C	A2000C237S5	\$95,509.68	\$0.00	\$0.00	\$250,685.18	\$0.00
046C	A2000C237S6	\$0.00	\$0.00	\$0.00	\$1,598,173.92	\$0.00
047C	A2000C238S5	\$100,978.20	\$83,510.88	\$0.00	\$158,606.28	\$0.00
048C	A2000C245S5	\$0.00	\$0.00	\$0.00	\$155,961.08	\$0.00
055C	INFO-TECH LN A2002C142S3	\$2,368,619.60	\$2,257,965.40	\$322,156.66	\$11,877,176.31	\$0.00
056C	A2002 CH 236 SEC 3	\$2,755,095.89	\$1,562,970.22	(\$152,926.26)	\$89,160,390.42	\$0.00
057C	ACT2002C244SEC3	\$4,728,408.35	\$265,582.41	(\$41,790.41)	\$108,178,595.78	\$0.00
058C	A2002C245S4	\$4,061,898.73	\$228,677.75	(\$19,307.25)	\$78,544,486.51	\$0.00
059C	A202C246S4	\$6,406,797.94	\$877,088.42	(\$87,441.88)	\$30,196,417.66	\$0.00
060C	HWY SECURITY IMP PROGRAM LOAN	\$0.00	\$0.00	\$0.00	\$659,802.06	\$0.00
061C	INTERMODAL TRANS IMP LOAN '04	\$196,092.15	\$0.00	\$0.00	\$18,609,561.62	\$0.00

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FUND: 0200 General Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
062C	RAIL TRANS ASSISTANCE LOAN ACT	\$620,979.74	\$489,046.41	(\$86,735.34)	\$3,393,770.56	\$0.00
063C	CAPITAL OUTLAY LOAN '04 - A04C	\$543,851.21	\$2,300,000.00	\$0.00	\$14,297,157.56	\$0.00
064C	MBTA SUBWAY & COMMUTER RAIL LO	\$0.00	\$0.00	\$0.00	\$849,750,000.00	\$0.00
066C	COURT IMP LOAN '04 - A04C290S3	\$15,597,533.66	\$12,948,872.96	(\$311,495.06)	\$56,998,353.74	\$0.00
067C	HOUSING PROD & MOD '04 - A04C2	\$5,587,690.06	\$3,348,213.68	\$0.00	\$5,781,686.06	\$0.00
073C	Housing for Low & Moderate Inc	\$77,830,364.25	\$33,300,015.06	(\$13,835,844.11)	\$545,855,113.34	\$0.00
074C	Housing for Low & Moderate Inc	\$137,474,537.76	\$27,375,109.25	(\$4,278,247.89)	\$400,763,425.58	\$0.00
075C	CH 240 ACTS OF 2010 SEC 2B	\$0.00	\$0.00	\$0.00	\$25,000,000.00	\$0.00
555C	A08 C258 S3 Public Higher Educ	\$293,907,359.60	\$85,934,807.49	(\$16,786,218.27)	\$1,875,689,808.66	\$0.00
563C	A08 C304 S16 Capital Facilitie	\$6,531,737.56	\$5,166,495.13	(\$101,523.32)	\$314,535,581.79	\$0.00
564C	A08 C304 S17 Capital Improveme	\$43,813,164.22	\$34,407,177.58	(\$10,362,912.84)	\$230,211,721.93	\$0.00
565C	A08 C304 S18 Capital Improveme	\$76,698,568.45	\$34,879,156.27	(\$5,978,358.84)	\$667,565,185.84	\$0.00
565L	A08 C304 S18 Capital Improveme	\$72,014,699.45	\$16,309,106.96	(\$1,435,339.07)	\$637,467,721.51	\$0.00
565T	A08 C304 S18 Capital Improveme	\$544,029.80	\$721,798.05	(\$3,276,560.27)	\$283,610,433.25	\$0.00
566L	A08 C304 S19 Capital Improveme	\$17,639,661.88	\$8,861,793.25	(\$39,381,903.75)	\$560,000,000.00	\$0.00
567C	A08 C312 S15 Preservation/Impr	\$58,941,986.84	\$41,430,184.81	(\$5,704,887.26)	\$981,147,295.92	\$0.00
568C	A08 C312 S16 Environmental Tr	\$10,622,714.35	\$7,473,093.53	(\$344,714.93)	\$269,135,768.65	\$0.00
569C	A08 C130 S46 Life Sciences Cen	\$5,424,816.35	\$22,146,387.56	(\$837,721.62)	\$404,762,537.97	\$0.00
570T	A08 C231 S2 MA Broadband Bill	\$24,298,307.10	\$1,264,938.14	\$0.00	\$24,298,307.10	\$0.00
AHT2	Affordable Housing Trust Fund	\$4,852.75	\$0.00	\$0.00	\$1,462,187.01	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$6,151,525.00	\$0.00	\$0.00	\$0.00
CEA7	Capital Expenditure Act of 200	\$60,524,117.87	\$28,668,041.65	(\$416,151.21)	\$101,695,582.48	\$0.00
Q123	CH 123A 06 S2BTAX	\$5,989,951.07	\$3,730,113.96	(\$126,673.78)	\$34,809,220.71	\$0.00
FUND TOTALS:		\$981,713,401.29	\$418,767,460.61	(\$108,485,956.52)	\$9,170,338,235.49	\$0.00

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FUND: 0201 Capital Investment Trust Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
028C	CAPITAL INVESTMENT TRUST FUND	\$0.00	\$0.00	\$0.00	\$101,968.40	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$0.00	\$101,968.40	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0203 Convention Center and Exhibition Center Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
032C	S. O. BNDS(CONV. CTR) A97C152S11	\$0.00	\$0.00	\$8,392,626.94	\$0.00	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$8,392,626.94	\$0.00	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0204 Capital Improvement and Investment Trust Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
041C	C55 ACTS OF 1999 S2A	\$0.00	\$0.00	(\$80,791.57)	\$150,364.92	\$0.00
043C	A2000C236S81	\$0.00	\$0.00	(\$40,322.49)	\$3,517,963.49	\$0.00
FUND TOTALS:		\$0.00	\$0.00	(\$121,114.06)	\$3,668,328.41	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0210 Highway Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0207	ACCEL TRANSP & DEV. A94C273S2A	\$1,116,705.87	\$124,572.45	(\$66,706.56)	\$8,000,914.77	\$0.00
0208	ACCEL TRANSP & DEV. A94C273S2B	\$422,947.59	\$127,351.52	\$0.00	\$2,733,727.67	\$0.00
0247	HIGHWAY IMPR LN, CH15, S10, A88	\$0.00	\$0.00	\$0.00	\$912,721.86	\$0.00
0253	HIGHWY IMPROVEMNT LN A91C33S11	\$0.00	\$0.00	\$0.00	\$5,000,000.00	\$0.00
0255	HIGHWY IMPROVEMNT LN A91C33S13	\$0.00	\$0.00	(\$0.90)	\$0.00	\$0.00
0268	HWY IMP LN A94C102S4	\$0.00	\$0.00	\$180,170.00	\$62,194.49	\$0.00
0269	Municipal Ways A11C10S2	\$157,961,526.32	\$41,924,224.68	(\$7,117,209.57)	\$165,192,984.89	\$0.00
503C	HWY IMPRVMT LN ACT A96C113S4	\$59,768.37	\$92,612.54	(\$2,253.75)	\$121,127.28	\$0.00
505C	HWY IMPRVMT LN A96C205S4	\$294,432.25	\$2,142,076.19	(\$237,692.66)	\$70,368,035.40	\$0.00
507C	HWY IMPRVMT LN A96C205S6	\$0.00	\$0.00	\$0.00	\$2,538.58	\$0.00
509C	INTERMODAL TRNP. IMP. A96C205S13	\$0.00	\$0.00	\$74,054.12	\$1,710,029.70	\$0.00
513C	PROJECT PLANNING & COORDINATN	\$4,974,754.22	\$953,772.79	(\$276,254.05)	\$90,271,122.59	\$0.00
517C	HWY IMPRVNT LN A07C27S8	\$90,026,143.92	\$18,896,066.61	(\$2,782,417.62)	\$116,600,675.05	\$0.00
521C	C53S2CA99HWYIMPLN	\$0.00	\$0.00	\$0.00	\$22.63	\$0.00
523C	C55S4A99HWYCAPIMPLN	\$72,184.58	\$880,262.36	(\$130,483.65)	\$512,293.59	\$0.00
527C	HWY IMP LN ACT 2000 A00C87S5	\$0.00	\$0.00	(\$1.88)	\$34,351,309.53	\$0.00
530C	A2000C235S5(2B)	\$5,602,347.73	\$2,520,750.47	(\$149,284.70)	\$85,252,539.82	\$0.00
531C	A2000C235S6(2C)	\$67,055.88	\$17,895.13	\$0.00	\$5,339,097.49	\$0.00
532C	A2000C235S7(2D)	\$600,362.85	\$0.00	\$0.00	\$1,330,021.38	\$0.00
533C	A2000C535S8(2E)	\$668,576.68	\$3,117,383.08	(\$246,750.96)	\$10,901,449.71	\$0.00
543C	SPEC OBL REV HWY IMP LOAN '04	\$47,508,531.60	\$14,332,899.70	(\$1,768,653.20)	\$211,994,375.13	\$0.00
544C	HWY IMP LOAN '04 - A04C291S5	\$58,095,873.54	\$17,141,766.86	(\$1,997,265.28)	\$75,661,960.84	\$0.00
545C	HWY IMP LOAN '04 - A04C291S6	\$0.00	\$0.00	\$0.00	\$3,007,792.94	\$0.00
546C	RTA IMP LOAN '04 - A04C291S8	\$306,078.00	\$0.00	(\$2,273,515.50)	\$3,977,614.97	\$0.00
547C	MOBILITY ASSISTANCE PROG IMP L	\$0.00	\$0.00	\$18,617.60	\$2,304.89	\$0.00
550C	Trans Imp Bill A08C86S2A	\$38,239,884.46	\$17,494,376.06	(\$994,099.07)	\$66,055,454.73	\$0.00
551C	Trans Imp Bill A08C86S2B	\$26,740,690.49	\$5,056,626.24	(\$731,084.04)	\$32,462,013.64	\$0.00
552C	Trans Imp Bill A08C86S2C	\$22,871.18	\$1,398,426.68	\$0.00	\$5,869,143.51	\$0.00

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FUND: 0210 Highway Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
553C	Trans Imp Bill A08C86S2D	\$37,887,134.50	\$13,447,673.80	(\$5,466,360.31)	\$689,898,756.81	\$0.00
554C	C233 8 A. 08 Structurally Defi	\$280,694,012.44	\$172,743,902.88	(\$107,091,818.81)	\$2,311,413,298.24	\$0.00
556C	A08 C303 S47 Transportation Im	\$60,736,989.95	\$85,343,647.01	(\$47,815,832.23)	\$535,611,053.26	\$0.00
557C	A08 C303 S48 Transportation Im	\$103,161,550.44	\$31,310,567.09	(\$5,528,959.03)	\$202,636,318.04	\$0.00
558C	A08 C303 S49 Transportation Im	\$66,965,115.07	\$2,276,180.53	(\$17,337,613.24)	\$186,628,786.41	\$0.00
558T	A08 C303 S49 Transportation Im	\$0.00	\$0.00	\$0.00	\$20,000,000.00	\$0.00
559C	A08 C303 S50 Transportation Im	\$120,395.09	\$51,402.09	(\$9,837.50)	\$16,015,688.27	\$0.00
560C	A08 C303 S51 Transportation Im	\$0.00	\$0.00	\$0.00	\$72,000,000.00	\$0.00
561C	A08 C303 S52 Transportation Im	\$0.00	\$0.00	\$0.00	\$40,000,000.00	\$0.00
562C	A08 C303 S53 Transportation Im	\$0.00	\$0.00	\$0.00	\$15,366,500.00	\$0.00
572C	CH 240 ACTS OF 2010 SEC 2B	\$399,975.00	\$8,159,642.62	\$0.00	\$35,431,738.69	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$11,219,950.00	\$0.00	\$0.00	\$0.00
DR05	Cross Over Refunding 2005-A	\$0.00	\$0.00	\$1,824.49	\$0.00	\$0.00
FUND TOTALS:		\$982,745,908.02	\$450,774,029.38	(\$201,749,428.30)	\$5,122,695,606.80	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0211 State Bond Share Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0252	HIGHWAY IMPROVEMNT LN A91C33S10	\$0.00	\$0.00	(\$1,047.00)	\$53,166,787.18	\$0.00
0287	HWY IMP LN A94C273S4	\$0.00	\$170,162.00	(\$976,876.00)	\$60,699,133.00	\$0.00
0288	HWY IMP LN A94C102S3	\$0.00	\$0.00	\$13,622.00	\$70,016,235.00	\$0.00
502C	HWY IMPRVMT LN ACT A96C113S3	\$0.00	(\$1.00)	(\$33,417.56)	\$7,982,434.56	\$0.00
504C	HWY IMPRVMT LN A96C205S3	\$0.00	\$0.00	\$0.00	\$4,488,943.00	\$0.00
510C	A97C11S3 HWY IMP LOAN 1997	\$0.00	\$0.00	\$0.38	\$38,321,046.62	\$0.00
511C	A97C11S5 HWY IMP LOAN 1997	\$0.00	\$0.00	\$0.00	\$57,585,090.00	\$0.00
512C	A97C11S9 HWYIMPLN 97GANS/BNDS	\$0.00	\$0.00	\$0.00	\$216,002.00	\$0.00
522C	C55S3A99HWYCAPIMPLN	\$0.00	\$7,584.00	(\$250,857.00)	\$284,740.00	\$0.00
526C	HWY IMP LN ACT 2000 A00C87S4	\$0.00	\$14,050.00	(\$82,825.00)	\$12,232,224.00	\$0.00
527C	HWY IMPRVNT LN A07C27S7	\$0.00	(\$1,309,080.00)	(\$47,862,106.94)	\$49,373,707.94	\$0.00
528C	A2000 C235 S3(2)	\$0.00	\$320,853.00	(\$5,131,183.67)	\$33,942,099.67	\$0.00
529C	A2000C235S4(2A)	\$0.00	\$0.00	(\$2,801,388.81)	\$167,313,390.80	\$0.00
541C	ACTS OF 2003 CH.40 SEC.3	\$0.00	(\$2,747,399.00)	(\$20,262,110.22)	\$39,966,359.22	\$0.00
542C	HWY IMP LOAN '04 - A04C291S3	\$0.00	\$475,636.00	(\$8,213,446.37)	\$27,050,601.37	\$0.00
549C	A08C86S2 Trans Imp Bill State	\$0.00	\$34,390,772.00	(\$114,807,898.74)	\$385,167,020.73	\$0.00
CAT1	CA/T (0202/0252) A91C33S10	\$0.00	\$0.00	\$0.00	\$10,216,908.00	\$0.00
CAT2	CA/T (0288) A94C102S3	\$0.00	\$0.00	(\$496.00)	\$22,358,452.00	\$0.00
CAT3	CA/T (0290/0287) A94C273S4	\$0.00	\$0.00	(\$1,822,449.00)	\$4,097,037.00	\$0.00
CAT4	CA/T (504C) A96C205S3	\$0.00	\$0.00	\$0.00	\$334,750.00	\$0.00
CAT5	CA/T (502C) A96C113S4	\$0.00	\$0.00	\$0.00	\$2,938,804.00	\$0.00
CAT6	CA/T (510C) A97C11S3	\$0.00	\$0.00	(\$43,609.00)	\$68,903,836.00	\$0.00
FUND TOTALS:		\$0.00	\$31,322,577.00	(\$202,276,088.93)	\$1,116,655,602.09	\$0.00

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FUND: 0212 Central Artery Statewide Road & Bridge Infrastructure Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
525C	CAT/TWT INF LN A2000 A00C87S3	\$861,006.70	\$23,324.45	\$5,998,085.51	\$4,282.86	\$0.00
538C	GO BOND SALE 2002C	\$56,664.12	\$2,840.42	\$85,586.82	\$0.00	\$0.00
C228	C/A CH 228 PROCEEDS	\$1,005,136.84	\$1,501,083.02	\$20,235,558.77	\$0.00	\$0.00
DFSD	OP FNDS TRFR A2000 C87S15	\$100.00	\$0.00	\$972.03	\$0.00	\$0.00
PKE3	MASS PIKE PMT A2000 C87 S11	\$0.00	\$0.00	\$147.95	\$0.00	\$0.00
PRT3	MASS PORT PMT A2000 C87 S11	\$100.00	\$0.00	\$226.50	\$0.00	\$0.00
RMV1	EXCESS RMV REVENUESS15C87A2000	\$1,007,165.23	\$236,598.91	\$52,056,421.52	\$0.00	\$0.00
FUND TOTALS:		\$2,930,172.89	\$1,763,846.80	\$78,376,999.10	\$4,282.86	\$0.00

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BONDS AUTHORIZED AND UNISSUED
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FUND: 0240 Metro Parks Capital

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0375	Met Parks Dis Loan	\$0.00	\$0.00	\$0.07	\$87,633.83	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$0.07	\$87,633.83	\$0.00

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FUND: 0271 Local Aid Capital Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0373	CHARLES RIV. WTR. QLT. LN72	\$0.00	\$0.00	\$0.00	\$4,869.05	\$0.00
0603	LOC SLD WST FAC L&G A87C584S27	\$0.00	\$0.00	\$10,069.48	\$0.00	\$0.00
0607	CRTHSE CONST&REN LN A88C203S28	\$0.00	\$0.00	\$0.00	\$1,700.00	\$0.00
0608	IMPROVEMENT CT HSES A88C203S24	\$0.00	\$0.00	\$0.00	\$7,187.50	\$0.00
0613	CAP OTLY LN A94C85S3	\$8,550.00	\$34,257.00	(\$8,471.00)	\$1,028,095.24	\$0.00
0618	TRANSP DEVEL & IMP. A94C273S2K	\$0.00	\$0.00	\$0.00	\$9,914,237.31	\$0.00
0656	WATER POLLUTION CTRL F276 A85	\$0.00	\$0.00	\$0.00	\$7,331.00	\$0.00
700C	700C	\$0.00	\$0.00	\$10,835.00	(\$10,835.00)	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$8,704,025.00	\$0.00	\$0.00	\$0.00
SBA1	MASS SCHOOL BUILD ASSIS FUND L	\$0.00	\$0.00	\$0.01	(\$0.01)	\$0.00
FUND TOTALS:		\$8,550.00	\$8,738,282.00	\$12,433.49	\$10,952,585.09	\$0.00

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FUND: 0278 Government Land Bank Capital Projects Fund

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0650	GOVT LAND BANK FD LN A77C732S6	\$2,800,903.00	\$710,129.00	(\$602,904.00)	\$8,977,112.57	\$0.00
BREF	PROCEEDS OF BOND REFUNDING	\$0.00	\$89,337.50	\$0.00	\$0.00	\$0.00
FUND TOTALS:		\$2,800,903.00	\$799,466.50	(\$602,904.00)	\$8,977,112.57	\$0.00

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FUND: 0289 Bond Ahead Fund (Holding account - memo only)

SUB FUND	NAME	ENCUMBRANCES	EXPENDITURES	NET LIQUID ASSET	AUTHORIZED AND UNISSUED	TEMPORARY LOANS
0000	Zero Subfund for 0289 Fund	\$0.00	\$0.00	\$113,368.59	\$0.00	\$0.00
0286	Bond ahead Sales in Advance of	\$0.00	\$0.00	\$1,047,374,465.21	\$0.00	\$0.00
FUND TOTALS:		\$0.00	\$0.00	\$1,047,487,833.80	\$0.00	\$0.00
GRAND FUND TOTALS:		\$1,970,198,935.20	\$912,165,662.29	\$621,034,401.59	\$15,433,481,355.54	\$0.00

January 24, 2012

Citigroup Global Markets Inc.,
as Representative of the Underwriters
Two International Place
Boston, Massachusetts 02110

Edwards Wildman Palmer LLP
111 Huntington Avenue
Boston, Massachusetts 02199

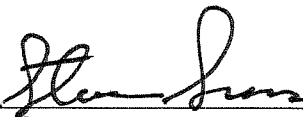
Nixon Peabody LLP
100 Summer Street
Boston, Massachusetts 02110

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, Massachusetts 02111

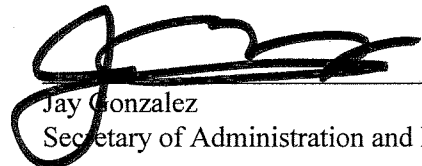
Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds"), as described in the Preliminary Official Statement dated January 13, 2012 (the "Preliminary Official Statement") and the Official Statement dated January 18, 2012 (the "Official Statement"), relating to the Bonds.

We, the undersigned, Steven Grossman and Jay Gonzalez, hereby certify that we are the Treasurer and Receiver-General and the Secretary of Administration and Finance, respectively, of the Commonwealth. This certification refers to the Preliminary Official Statement and the Official Statement, including by reference the Commonwealth's Information Statement dated March 15, 2011, as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012, attached thereto as Appendix A.

We hereby further certify that (i) the representations and warranties of the Commonwealth contained in the Bond Purchase Agreement dated January 18, 2012 between the Commonwealth and Citigroup Global Markets Inc., as Representative of the Underwriters, are true and correct in all material respects on and as of the date hereof as if made on the date hereof and (ii) except for the information contained in the Preliminary Official Statement and the Official Statement under the headings "BOOK-ENTRY-ONLY SYSTEM," "UNDERWRITING" and "RATINGS" and in Appendix B thereto, to the best of our respective knowledge and belief, the Preliminary Official Statement, as of January 13, 2012, and the Official Statement, as of January 18, 2012 and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.



Steven Grossman
Treasurer and Receiver-General



Jay Gonzalez
Secretary of Administration and Finance



Steven Grossman
Treasurer and Receiver General

The Commonwealth of Massachusetts
Department of the State Treasurer
One Ashburton Place
Boston, Massachusetts 02108-1608

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

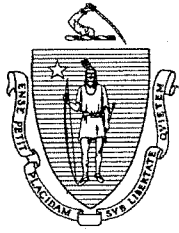
With respect to matters within the jurisdiction of the Office of the Treasurer and Receiver-General, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in dark ink, appearing to read "James A. MacDonald".

James A. MacDonald
First Deputy Treasurer and Receiver General



Steven Grossman
Treasurer and Receiver General

The Commonwealth of Massachusetts
Department of the State Treasurer
One Ashburton Place
Boston, Massachusetts 02108-1608

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Office of the Treasurer and Receiver-General, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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Very truly yours,

A handwritten signature in cursive script, reading "Colin A. MacNaught".

Colin A. MacNaught
Assistant Treasurer



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
STATE HOUSE • ROOM 373
BOSTON, MA 02133

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JAY GONZALEZ
SECRETARY

TEL: (617) 727-2040
FAX: (617) 727-2779
www.mass.gov/anf

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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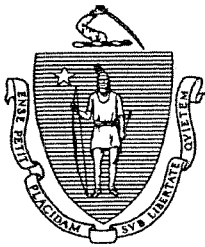
On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Fiscal Affairs Division of the Executive Office for Administration and Finance, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,


Matthew J. Gorzkowicz
Undersecretary



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
STATE HOUSE • ROOM 373

BOSTON, MA 02133

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JAY GONZALEZ
SECRETARY

TEL: (617) 727-2040
FAX: (617) 727-2779
www.mass.gov/anf

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

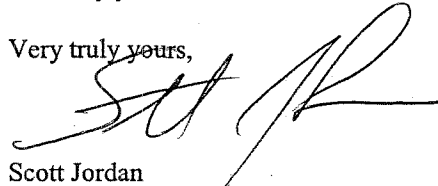
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On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Executive Office for Administration and Finance, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

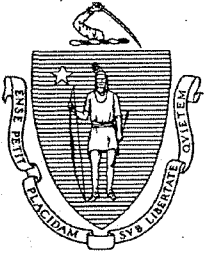
Very truly yours,

A handwritten signature in dark ink, appearing to be 'SJ' followed by a stylized flourish.

Scott Jordan

Assistant

~~Deputy~~ Secretary for Capital Finance



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
STATE HOUSE • ROOM 373
BOSTON, MA 02133

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JAY GONZALEZ
SECRETARY

TEL: (617) 727-2040
FAX: (617) 727-2779
www.mass.gov/anf

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

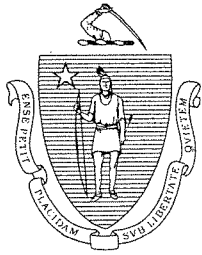
With respect to matters within the jurisdiction of the Fiscal Affairs Division of the Executive Office for Administration and Finance, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in dark ink, appearing to read "M B Esmond", with a large checkmark-like flourish at the end.

Micheal B. Esmond
Budget Director



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
STATE HOUSE ▪ ROOM 373
BOSTON, MA 02133

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JAY GONZALEZ
SECRETARY

TEL: (617) 727-2040
FAX: (617) 727-2779
www.mass.gov/eoaf

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

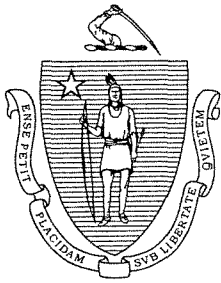
With respect to matters within the jurisdiction of the Fiscal Affairs Division of the Executive Office for Administration and Finance, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert F. Dolan", written over a horizontal line.

Robert F. Dolan
Director of Finance



The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, Massachusetts 02108

MARTIN J. BENISON
COMPTROLLER

January 24, 2012

PHONE: (617) 727-5000
FAX: (617) 727-2163
INTERNET: <http://www.mass.gov/osc>

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

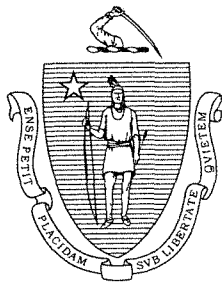
With respect to matters within the jurisdiction of the Office of the Comptroller, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Martin J. Benison".

Martin J. Benison
Comptroller



The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, Massachusetts 02108

MARTIN J. BENISON
COMPTROLLER

January 24, 2012

PHONE: (617) 727-5000
FAX: (617) 727-2163
INTERNET: <http://www.mass.gov/osc>

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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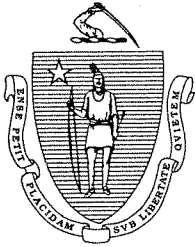
On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Office of the Comptroller, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Howard Merkowitz".
Howard Merkowitz
Deputy Comptroller



AMY A. PITTER
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
PO Box 9550
Boston, MA 02114-9550

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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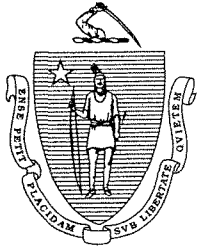
On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Department of Revenue, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Amy Pitter".
Amy Pitter
Commissioner



AMY A. PITTER
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
PO Box 9550
Boston, MA 02114-9550

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Department of Revenue, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

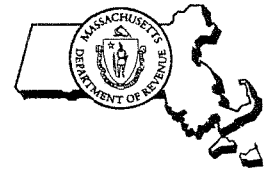
Very truly yours,

A handwritten signature in black ink, appearing to read "Kazim Ozyurt", written over a horizontal line.

Kazim Ozyurt
Director, Office of Tax Policy Analysis

Massachusetts Department of Revenue Division of Local Services

Amy A. Pitter, Commissioner Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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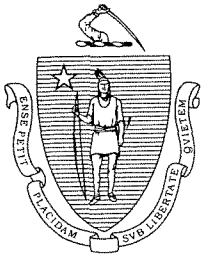
On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Division of Local Services within the Department of Revenue, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

Robert G. Nunes
Deputy Commissioner



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL

ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

MARTHA COAKLEY
ATTORNEY GENERAL

(617) 727-2200
www.mass.gov/ago

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

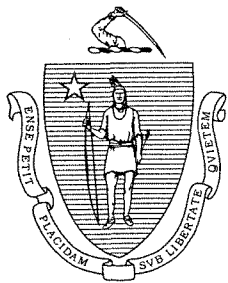
With respect to matters within the jurisdiction of the Attorney General, in the "Legal Matters" section of the Information Statement, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Cordially,

A handwritten signature in dark ink, appearing to read "Martha Coakley", written over a horizontal line.

Martha Coakley
Attorney General



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
One Ashburton Place, Room 1109
Boston, Massachusetts 02108

DEVAL L. PATRICK
Governor

TIMOTHY P. MURRAY
Lieutenant Governor

JUDYANN BIGBY, M.D.
Secretary

Tel: (617) 573-1600
Fax: (617) 573-1891
www.mass.gov/eohhs

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

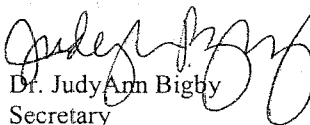
I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

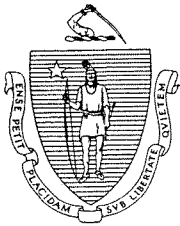
On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Executive Office of Health and Human Services, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,


Dr. Judy Ann Bigby
Secretary



DEVAL L. PATRICK
Governor

TIMOTHY P. MURRAY
Lieutenant Governor

The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place
Boston, MA 02108



JUDYANN BIGBY, M.D.
Secretary

JULIAN J. HARRIS, M.D.
Medicaid Director

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Executive Office of Health and Human Services Office of Medicaid, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

Dr. Julian Harris
Medicaid Director



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Transitional Assistance
600 Washington Street • Boston MA 02111

DEVAL L. PATRICK
Governor

JUDYANN BIGBY, M.D.
Secretary

TIMOTHY P. MURRAY
Lieutenant Governor

DANIEL J. CURLEY
Commissioner

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

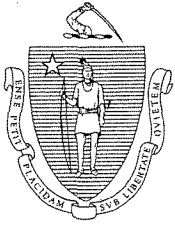
With respect to matters within the jurisdiction of the Department of Transitional Assistance, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in cursive script, reading "Mary Sheehan".

Mary Sheehan
Acting Assistant Commissioner for
Administration and Finance



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF UNEMPLOYMENT ASSISTANCE

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LT. GOVERNOR

JOANNE F. GOLDSTEIN
SECRETARY

JUDITH L. CICATIELLO
DIRECTOR

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

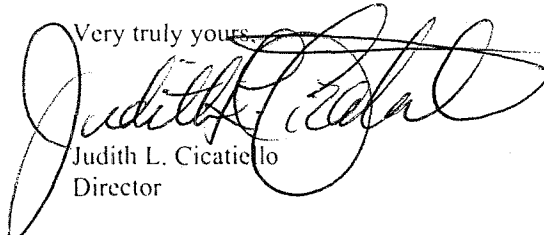
I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

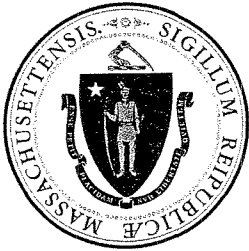
On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Division of Unemployment Assistance, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,


Judith L. Cicatiello
Director



Massachusetts Department of Higher Education

One Ashburton Place, Room 1401
Boston, MA 02108-1696

TEL (617) 994-6950
FAX (617) 727-0955
WEB www.mass.edu

Richard M. Freeland, *Commissioner*
Charles F. Desmond, *Chairman*
Massachusetts Board of Higher Education

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Department of Higher Education, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in dark ink, appearing to be "R. Freeland", written over a horizontal line.

Richard M. Freeland
Commissioner of the Department
of Higher Education



Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor
Richard A. Davey, Secretary & CEO

massDOT
Massachusetts Department of Transportation

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.


On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Massachusetts Department of Transportation, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact

necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,



Richard A. Davey
Secretary & CEO



Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor
Richard A. Davey, MassDOT Secretary & CEO
Jonathan R. Davis, Acting General Manager
and Rail & Transit Administrator



January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Massachusetts Bay Transportation Authority, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

Jonathan R. Davis
Acting General Manager
& Chief Financial Officer



MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Massachusetts Water Pollution Abatement Trust, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

Enrique Zuniga
Executive Director



January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

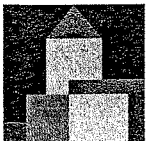
On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Massachusetts Convention Center Authority, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Sincerely,


James E. Rooney
Executive Director



MASSDEVELOPMENT

160 Federal Street
Boston, Massachusetts
02110

Tel: 617-330-2000
800-445-8030

Fax: 617-330-2001
617-451-3429

www.massdevelopment.com

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

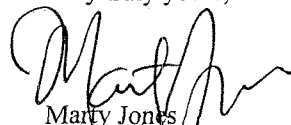
I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Massachusetts Development Finance Agency contained on pages A-58, A-69, A-70, A-71 and A-72 of the March Information Statement and page A-23 of the January Supplement, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. I note that on the advice of special disclosure counsel to the Commonwealth who has previously indicated that it was unnecessary, Massachusetts Development Finance Agency has not updated the numbers contained in the Saltonstall Building Redevelopment Corporation Project description or in the chart of General Obligation Contract Assistance Requirements on page A-70 of the March Information Statement.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,


Marty Jones
President and CEO



Massachusetts Housing Finance Agency
One Beacon Street, Boston, MA 02108

TEL: 617.854.1000 | FAX: 617.854.1091
VP: 866.758.1435 | www.masshousing.com

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

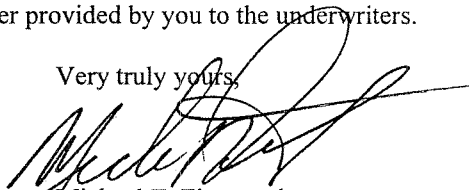
I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Massachusetts Housing Finance Agency, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,



Michael T. Fitzmaurice
Acting Financial Director



Pension Reserves Investment Management Board

84 State Street, Second Floor
Boston, Massachusetts 02109

Treasurer Steven Grossman, Chair
Michael G. Trotsky, CFA, Executive Director

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

Pursuant to your request, in my capacity as the Executive Director of the Pension Reserves Investment Management Board (the "PRIM Board"), I have reviewed certain portions of the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented on January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds, with respect to matters within the jurisdiction of the PRIM Board, which portions are circled on the pages from the March Information Statement and the December Supplement attached hereto (the "Relevant Disclosures"). On the basis of such review, including such inquiries as I have deemed appropriate with members of the PRIM Board staff, I hereby certify that nothing has come to my attention in the course of my review that causes me to believe that the Relevant Disclosures, as of January 13, 2012, as of January 18, 2012, and as of January 24, 2012, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information other than the Relevant Disclosures, including without limitation, any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter-provided by you to the underwriters.

Very truly yours,

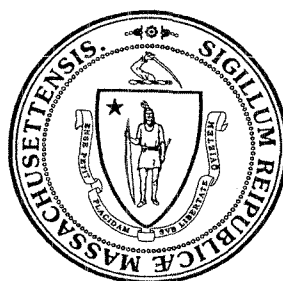
A handwritten signature in black ink that reads "Michael G. Trotsky (CFA)".

Michael G. Trotsky, CFA
Executive Director

APPENDIX A

***Attachment to letter dated January 24, 2012
from Michael G. Trotsky to the Hon. Steven
Grossman and the Hon. Jay Gonzalez.

**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

Dated January 9, 2012

PRIT Fund Investments

The PRIM Board's overall investment performance goal is to achieve an annual rate of return that exceeds the targeted actuarial rate of return used in determining the Commonwealth's pension obligations (currently 8.25%). The investment policy statement adopted by the PRIM Board requires a comprehensive review of the PRIM Board's asset allocation plan and its underlying assumptions at reasonable intervals of not more than three to five years. In addition, the investment policy statement requires that the PRIM Board conduct an annual evaluation of the PRIT Fund's asset allocation. The PRIM Board's last comprehensive review of the PRIT Fund asset allocation was conducted in the beginning of fiscal 2011.

In addition to asset allocation diversification, the PRIM Board seeks to diversify the PRIT Fund by choosing complementary investment styles and strategies within asset classes. The PRIM Board also develops detailed investment guidelines for each investment manager to ensure that portfolios are adequately diversified at the individual manager level.

The PRIT Fund's asset allocation plan currently uses the following categories of investments (the description is as of June 30, 2011):

Domestic Equity. Domestic Equity constitutes 22% of the PRIT Fund portfolio, approximately 23% of which is invested using a large capitalization stock strategy (two active managers), with the remaining 77% invested under a Russell 3000 index strategy (one passive manager). The portfolio is style neutral as between growth- and value-oriented stocks.

International Equity. International Equity constitutes 22% of the PRIT Fund portfolio which is allocated to one passively managed account (which comprises 44% of the portfolio) and four actively managed accounts (56% of the portfolio). The PRIM Board maintains a target weighting of 50% passive and 50% active for the international equity portfolio. The primary strategy for this portfolio is investing in companies in developed market, industrialized nations outside of the United States.

Emerging Markets. Emerging Markets constitutes 7% of the PRIT Fund portfolio, which is allocated to three active managers (which comprise about 76% of the emerging market portfolio) and one passive manager (24%). Since May, 2010, the PRIM Board has targeted a weighting of 75% active and 25% passive for this portfolio.

Core Fixed Income. Core Fixed Income constitutes 13% of the PRIT Fund portfolio, which is invested in corporate, government and mortgage-backed securities in the investment grade bond market (37% active, 36% passive). Approximately 13% is invested in global inflation linked bonds, and approximately 10% in U. S. Treasury Inflation Protected Securities. The balance of the portfolio (4%) contains investments under the PRIM Board's economically targeted investment (ETI) program.

Value-Added Fixed Income. Value Added Fixed Income constitutes 6% of the PRIT Fund portfolio, which is invested in distressed debt (44%), high-yield bonds (24%), emerging markets debt (23%) and bank loans (9%).

Private Equity. Private Equity constitutes 11% of the PRIT Fund portfolio. Two components comprise the private equity portfolio: venture capital (early-stage and multi-stage) and special equity partnerships (large market buyout, middle market buyout, and growth equity). These private market investments are illiquid and typically have 10- to 15-year life cycles. The portfolio is highly diversified at the underlying portfolio company level.

Real Estate. Real estate holdings constitute 8% of the PRIT Fund portfolio, which consists of directly-owned properties (73%) and real estate investment trusts (27%).

Timber/Natural Resources. Timber/Natural Resources constitutes 4% of the PRIT Fund portfolio, which is invested in both timberland investments (52%), and natural resource-oriented companies (48%) such as oil, mining and energy companies.

Hedge Funds. Hedge Funds constitute 7% of the PRIT Fund portfolio. This portfolio has investments in five active hedge funds of funds managers and one residual liquidating portfolio.

PRIT Fund Asset Allocation
(As of June 30)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Domestic Equity	22.00%	19.90%	24.40%	26.10%	29.90%
International Equity	21.70%	20.00%	19.00%	20.00%	21.00%
Emerging Markets	6.60%	5.70%	5.00%	5.50%	5.50%
Fixed Income	13.20%	14.00%	13.00%	16.80%	15.40%
Value-Added Fixed Income	6.00%	7.00%	7.70%	5.00%	4.60%
Private Equity	10.70%	10.60%	9.60%	8.40%	6.70%
Real Estate	8.20%	9.10%	10.90%	10.90%	8.60%
Timber/Natural Resources	4.00%	4.10%	4.70%	2.10%	3.20%
Hedge Funds	7.20%	7.70%	5.70%	5.20%	5.10%
Portable Alpha Wind Down(1)	0.40%	1.90%	0.00%	0.00%	0.00%

(1) Prior to January 1, 2010, Portable Alpha Assets were reflected in the Domestic Equity portfolio.

SOURCE: Pension Reserves Investment Management Board.

The following table sets forth the gross investment rates of return for the assets in the PRIT Fund for the last five fiscal years:

PRIT Fund Rates of Return

<u>Fiscal Year</u>	<u>Rate of Return</u>
2011	22.30%
2010	12.82%
2009	(23.87)%
2008	(1.81)%
2007	19.92%
5yr average	4.35%
10yr average	6.53%
Assumed Rate	8.25%

SOURCE: Pension Reserves Investment Management Board.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING-- PRIT Fund Investments."

Other Post-Retirement Benefit Obligations (OPEB)

The fiscal 2012 budget provides that 10% of all tobacco settlement payments received by the Commonwealth in fiscal 2013 are to be deposited in the State Retiree Benefits Trust Fund, with the amount of payments to be deposited increasing by 10 percentage points in each succeeding year until the amount to be deposited reaches 100% of the payments. See "COMMONWEALTH REVENUE AND EXPENDITURES -- Federal and Other Non-Tax Revenues; *Tobacco Settlement*" and the March Information Statement under the heading "PENSION AND OPEB FUNDING-- Other Post-Retirement Benefit Obligations (OPEB)."

STATE WORKFORCE

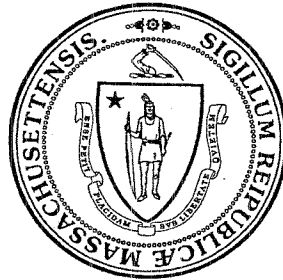
Unions and Labor Negotiations

Concessions made by most state collective bargaining units to help the Commonwealth manage through the fiscal challenges caused by the recession over the last couple of years included delaying wage increases to which the Commonwealth had previously agreed by one year. If tax revenue collections exceeded certain thresholds, however, then the wage increases would be delayed by six months instead of one year. In either case, the delay of the wage increases results in permanent annual savings to the Commonwealth of tens of millions of dollars.

APPENDIX A

***Attachment to letter dated January 24, 2012
from Michael G. Trotsky to the Hon. Steven
Grossman and the Hon. Jay Gonzalez.

**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT

Dated March 15, 2011

Annual Required Contributions and Other Pension Contributions
(amounts in thousands)

	<u>SRRS</u>	<u>MTBS</u>	<u>Total</u>	<u>COLA(B)</u>	<u>BTRS(D)</u>
<u>2010</u>					
Annual required contribution (ARC).....	\$646,932	\$1,106,052	\$1,752,984	n/a	n/a
Contributions made, excluding COLAs.....	<u>410,682</u>	<u>690,397</u>	<u>1,101,079</u>	<u>\$32,681</u>	<u>\$242,857</u>
% Funded for the fiscal year.....	63%	62%	63%		
<u>2009</u>					
Annual required contribution.....	697,340	1,149,629	1,846,969	n/a	n/a
Contributions made, excluding COLAs.....	<u>397,482</u>	<u>781,026</u>	<u>1,178,508</u>	<u>34,696</u>	<u>122,216</u>
% Funded for the fiscal year.....	57%	68%	64%		
<u>2008</u>					
Annual required contribution.....	369,866	749,853	1,119,719	n/a	n/a
Contributions made, excluding COLAs.....	<u>460,788</u>	<u>809,000</u>	<u>1,269,788</u>	<u>34,000</u>	<u>28,000</u>
% Funded for the fiscal year.....	125%	108%	113%		
<u>2007</u>					
Annual required contribution.....	432,219	763,798	1,196,017	n/a	n/a
Contributions made, excluding COLAs.....	<u>433,610</u>	<u>747,000</u>	<u>1,182,610</u>	<u>37,005</u>	<u>93,300</u>
% Funded for the fiscal year.....	101%	98%	99%		
<u>2006</u>					
Annual required contribution.....	445,527	779,158	1,224,685	n/a	n/a
Contributions made, excluding COLAs.....	<u>425,751</u>	<u>727,000</u>	<u>1,152,751</u>	<u>41,982</u>	<u>89,927</u>
% Funded for the fiscal year.....	96%	93%	94%		

SOURCES: Office of the Comptroller.

(1) COLA and BTRS contributions are additional amounts funded by the Commonwealth, but are not part of the Commonwealth's funding of ARC.

PRIT Fund Investments

The PRIM Board's overall investment performance goal is to achieve an annual rate of return that exceeds the targeted actuarial rate of return used in determining the Commonwealth's pension obligations (currently 8.25%). The investment policy statement adopted by the PRIM Board requires a comprehensive review of the PRIM Board's asset allocation plan and its underlying assumptions at reasonable intervals of not more than three to five years. In addition, the investment policy statement requires that the PRIM Board conduct an annual evaluation of the PRIT Fund's asset allocation. The PRIM Board's last comprehensive review of the PRIT Fund asset allocation was conducted in the beginning of fiscal 2010.

In addition to asset allocation diversification, the PRIM Board seeks to diversify the PRIT Fund by choosing complementary investment styles and strategies within asset classes. The PRIM Board also develops detailed investment guidelines for each investment manager to ensure that portfolios are adequately diversified at the individual manager level.

The PRIT Fund's asset allocation plan currently uses the following categories of investments (the description is as of June 30, 2010):

Domestic Equity. Approximately 23% of the domestic equity portfolio is invested using a large capitalization stock strategy (two active managers), with the remaining 77% invested under a Russell 3000 Index strategy (one passive manager). The portfolio is style neutral as between growth- and value-oriented stocks.

International Equity. The international equity portfolio is allocated to one passively managed account (which comprises 44% of the portfolio) and four actively managed accounts (56% of the portfolio). The PRIM Board maintains a target weighting of 50% passive and 50% active for the international equity portfolio. The primary strategy for this portfolio is investing in companies in developed market, industrialized nations outside of the United States.

Emerging Markets. The emerging markets equity portfolio is allocated to three active managers (which comprise about 76% of the emerging market portfolio) and one passive manager (24%). Since May, 2010, the PRIM Board has targeted a weighting of 75% active and 25% passive for this portfolio.

Core Fixed Income. Approximately 75% of the core fixed income portfolio is invested in corporate, government and mortgage-backed securities in the investment grade bond market (56% active, 19% passive). Approximately 12% is invested in global inflation linked bonds, and approximately 9% in U. S. Treasury Inflation Protected Securities. The balance of the portfolio contains investments under the PRIM Board's economically targeted investment (ETI) program.

Value-Added Fixed Income. This portfolio is invested in distressed debt (42%), high-yield bonds (22%), emerging markets debt (21%) and bank loans (15%).

Private Equity. Two components comprise the private equity portfolio: venture capital (early-stage, later-stage, and multi-stage) and special equity partnerships (large market buyout, middle market buyout, and special situations). These private market investments are illiquid and typically have 10- to 15-year life cycles. The portfolio is highly diversified at the underlying portfolio company level.

Real Estate. Real estate holdings consist of directly-owned properties (76%) and real estate investment trusts (24%).

Timber/Natural Resources. Approximately 60% of this portfolio is invested in timberland investments, with the balance invested in natural resource-oriented companies such as oil, mining and energy companies.

Hedge Funds. This portfolio has investments in five active hedge funds of funds managers and one residual liquidating portfolio.

PRIT Fund Asset Allocation
(As of June 30)

	2010	2009	2008	2007	2006
Domestic Equity	19.90%	24.40%	26.10%	29.90%	27.50%
International Equity	20.00%	19.00%	20%	21%	19.80%
Emerging Markets	5.70%	5.00%	5.50%	5.50%	5.90%
Fixed Income	14.00%	13.00%	16.80%	15.40%	15.40%
Value-Added Fixed Income	7.00%	2.70%	5.00%	4.60%	5.30%
Private Equity	10.60%	9.60%	8.40%	6.70%	6.50%
Real Estate	9.10%	10.90%	10.90%	8.60%	11.00%
Timber/Natural Resources	4.10%	4.70%	2.10%	3.20%	3.50%
Hedge Funds	2.70%	5.70%	5.20%	5.10%	5.10%
Portfolio Alpha Wind Down(1)	1.90%	0.00%	0.00%	0.00%	0.00%

(1) Prior to January 1, 2010, Portfolio Alpha Assets were reflected in the Domestic Equity portfolio.

SOURCE: Pension Reserves Investment Management Board.

The following table sets forth the gross investment rates of return for the assets in the PRIT Fund for the last five fiscal years:

PRIT Fund Rates of Return

<u>Fiscal Year</u>	<u>Rate of Return</u>
2010	12.82%
2009	(23.87)%
2008	(1.81)%
2007	19.92%
2006	15.47%
5yr average	3.15%
10yr average	3.70%
Assumed Rate	8.25%

SOURCE: Pension Reserves Investment Management Board.

Other Post-Retirement Benefit Obligations (OPEB)

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs which are comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-staff agencies.

The Group Insurance Commission (GIC) of the Commonwealth manages the Commonwealth's defined benefit OPEB plan as an agent multiple employer program including the Commonwealth and 370 municipalities and other non-Commonwealth governmental entities. These entities that participate in the GIC are responsible for paying premiums at the same rate to the GIC and therefore benefit from the Commonwealth's premium rates. The GIC has representation on the Board of Trustees of the State Retiree Benefits Trust Fund (SRBTFF). The SRBTFF is set up solely to pay for OPEB benefits and the cost to administer those benefits and can only be dissolved when all such health care and other non-pension benefits, current and future have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

Employer and employee contribution rates are set by statute. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2009, Commonwealth participants contributed 0% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree or survivor status. As of July 1, 2009, all active employees were required to pay an additional 5% of premium costs. There were 145,971 participants eligible to receive benefits as of January 1, 2010.

Accounting standards promulgated in 2004 by the Governmental Accounting Standards Board (GASB) required the Commonwealth to begin disclosing its liability for other post-employment benefits (commonly referred to as "OPEB") in its fiscal 2008 financial reports. In 2006, the Comptroller of the Commonwealth contracted with a consulting firm to produce an actuarial valuation that calculated the liability of the present value of benefits if the Commonwealth chose to continue to fund that liability on a pay-as-you-go basis and what the liability would be should the Commonwealth choose to fully fund the liability over 30 years.

The most recent update of this actuarial valuation report was released in October, 2010. According to this report, the Commonwealth's actuarial accrued OPEB liability, assuming no pre-funding and using a discount rate of 4.5%, was approximately \$15.166 billion as of January 1, 2010. The 4.5% discount rate (which is the rate of return since its inception of the Massachusetts Municipal Depository Trust) is intended to approximate the Commonwealth's rate of return on non-pension (liquid) investments over the long term. Assuming pre-funding, the study estimated the Commonwealth's liability to be approximately \$11.365 billion using a discount rate of 6.4% and approximately \$8.950 billion using a discount rate of 8.25%. In order to qualify its OPEB liabilities as pre-funded, the Commonwealth must deposit annual contributions in a qualifying trust in accordance with the requirements of

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

DOMENIC J. F. RUSSO, *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PAUL V. DOANE | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY | GREGORY R. MENNIS

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

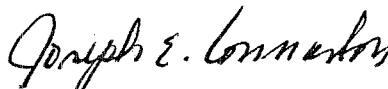
I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Public Employee Retirement Administration Commission, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,



Joseph E. Connarton
Executive Director



Massachusetts State Lottery Commission
60 Columbian Street
Braintree, Massachusetts 02184-1738

Tel: 781-849-5555 Fax: 781-849-5554 TTY: 781-849-5678

STEVEN GROSSMAN
Treasurer and Receiver General

PAUL R. STERNBURG
Executive Director

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

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On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

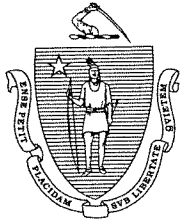
With respect to matters within the jurisdiction of the Massachusetts State Lottery, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,



Paul R. Sternburg
Executive Director



THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY
253 SUMMER STREET, SUITE 300
BOSTON, MA 02210

JAMES T. MORRIS
CHAIRMAN

EDWARD H. ADELMAN
EXECUTIVE DIRECTOR

TEL: (617) 542-1081
FAX: (617) 542-2303
www.mscba.org

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Massachusetts State College Building Authority, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Edward H. Adelman", written over a horizontal line.

Edward H. Adelman
Executive Director



University of Massachusetts Building Authority

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the University of Massachusetts Building Authority, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

Katherine P. Craven
Executive Director

5934123v.1



Office of the
President

University of Massachusetts Donahue Institute
Connecting the University to the Commonwealth

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

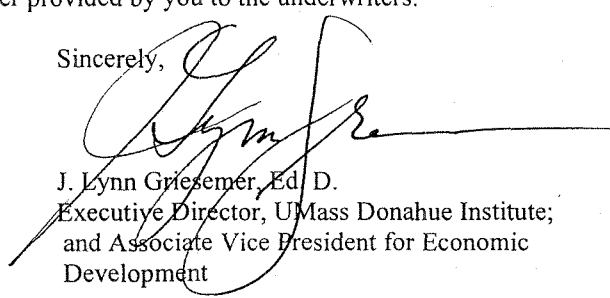
I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

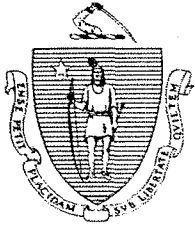
With respect to matters within the jurisdiction of the University of Massachusetts Donahue Institute, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Sincerely,



J. Lynn Griesemer, Ed. D.
Executive Director, UMass Donahue Institute;
and Associate Vice President for Economic
Development



*The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
100 City Hall Plaza
Boston, MA 02108*

DEVAL PATRICK
Governor

JAY GONZALEZ
Board Chair

TIM MURRAY
Lieutenant Governor

GLEN SHOR
Executive Director

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General

Honorable Jay Gonzalez
Secretary of Administration and Finance

The Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts (the "Commonwealth") General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds")

I have reviewed the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement," and together with the March Information Statement, the "Information Statement") attached as Appendix A to the Preliminary Official Statement and the Official Statement relating to the Bonds.

On the basis of such review and such other steps as I have deemed necessary, I hereby certify as follows:

With respect to matters within the jurisdiction of the Commonwealth Health Insurance Connector Authority, to the best of my knowledge and belief, the Information Statement, as of January 13, 2012, as of January 18, 2012 and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This letter shall not be construed as including reference to any information furnished by the underwriters concerning any debt obligations issued under or in conjunction with the delivery of the Preliminary Official Statement or the Official Statement. You may deliver a copy of this letter to bond counsel and special disclosure counsel to the Commonwealth and to said underwriters and their counsel who may rely upon it in connection with any letter provided by you to the underwriters.

Very truly yours,

A handwritten signature in black ink, appearing to read "Glen Shor", written in a cursive style.

Glen Shor
Executive Director

5934123v.1

THE COMMONWEALTH OF MASSACHUSETTS

**GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS)
2012 SERIES A
AND
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)**

CAUSEY DEMGEN & MOORE INC.

Certified Public Accountants and Consultants

Suite 4650
1801 California Street
Denver, Colorado 80202-2681
Telephone: (303) 296-2229
Facsimile: (303) 296-3731
www.cdmcpa.com

January 24, 2012

The Commonwealth of Massachusetts
One Ashburton Place, 12th Floor
Boston, Massachusetts 02108

Edwards Wildman Palmer LLP
111 Huntington Avenue
Boston, Massachusetts 02199

Citigroup Global Markets, Inc.
390 Greenwich Street
New York, New York 10013

We have completed our engagement to verify the mathematical accuracy of the computations of (a) the projected yield on the following bonds (herein collectively referred to as the "2012 Bonds") to be issued by The Commonwealth of Massachusetts (herein referred to as the "Commonwealth"):

- General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A (herein referred to as the "2012A REF Bonds"), and
- General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (herein referred to as the "2012A Loan Bonds"),

and (b) the transferred receipts associated with the 2012 Transferred Securities (as defined herein).

The portion of the 2012A Loan Bonds described in Exhibit A-1 (herein referred to as the "2012A-1 Bonds") is allocable to the refunding of the Refunded 1998 Unhedged Bonds (as defined herein).

The portion of the 2012A Loan Bonds described in Exhibit A-2 (herein referred to as the "2012A-2 Bonds") is allocable to the refunding of the Refunded 1998 Hedged Bonds (as defined herein).

The portion of the 2012A REF Bonds described in Exhibit A-3 (herein referred to as the "2012A-3 Bonds") is allocable to the refunding of the Refunded 2010A/12 Bonds (as defined herein).

The portion of the 2012A REF Bonds described in Exhibit A-4 (herein referred to as the "2012A-4 Bonds") is allocable to the refunding of the Refunded 2011A Bonds (as defined herein).

The portion of the 2012A Loan Bonds described in Exhibit A-5 (herein referred to as the "2012A-5 Bonds") is allocable to financing of certain capital improvement on a "new money" basis.

We express no opinion as to the attainability of the assumptions underlying the computations or the tax-exempt status of the 2012 Bonds. Our verification was performed solely on the information

CDM

contained in certain schedules of proposed transactions provided Citigroup Global Markets, Inc. (herein referred to as the "Underwriter"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A through B-1 attached hereto and made a part hereof.

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

OUR UNDERSTANDING OF THE TRANSACTION

The Commonwealth issued its General Obligation Refunding Bonds, 1998 Series A and 1998 Series B (herein collectively referred to as the "1998 Bonds") as variable rate obligations on September 17, 1998 to refund certain prior obligations (herein referred to as the "1998 Prior Bonds"). A portion of the proceeds of the 1998 Bonds was used to purchase U.S. Government Securities (herein referred to as the "1998 Securities") and to provide cash which were placed into an escrow account to advance refund the 1998 Prior Bonds. As provided by the Underwriter, the 1998 Securities matured in full prior to January 24, 2012.

Concurrently with the issuance of the 1998 Bonds, the Commonwealth entered into two interest rate swap agreements (herein collectively referred to as the "1998 Swap Agreement") with Citibank, N.A. (herein referred to as the "Citi Swap Provider") and Lehman Brothers (herein referred to as the "Lehman Swap Provider" and collectively with the Citi Swap Provider as the "1998 Swap Providers") pursuant to which the Commonwealth agreed to make payments to the 1998 Swap Providers monthly on the first day of each month beginning October 1, 1998 based on a notional amount equal to the then outstanding principal balance of the 1998 Bonds and a fixed annual rate of 4.174%, in exchange for payments from the 1998 Swap Provider on the same dates based on the same notional amounts and certain variable rates (based on the BMA Municipal Swap Index) to be determined from time to time. The portion of the 1998 Swap Agreement associated with the Citi Swap Provider is herein referred to as the "1998 Citi Swap Agreement". The 1998 Swap Agreement terminates on September 1, 2016.

On November 17, 2008, the Commonwealth terminated a portion of the 1998 Swap Agreement associated with the Lehman Swap Provider.

On November 17, 2008, the Commonwealth entered into an interest rate swap agreement (herein referred to as the "Deutsche Swap Agreement") with Deutsche Bank. As provided by Edwards Wildman Palmer, LLP, the Deutsche Swap Agreement is not considered a "qualified hedge" with respect to the 1998 Bonds.

The Commonwealth issued its General Obligation Refunding Bonds, 2005 Series A (herein referred to as the "2005 REF Bonds") as variable rate obligations on March 15, 2005 to advance refund

several prior issues of bonds (herein collectively referred to as the "2005 Prior Bonds"). A portion of the proceeds of the 2005 REF Bonds was used to purchase U.S. Government Securities (herein referred to as the "2005 Securities") and to provide cash which were placed into an escrow account to advance refund the 2005 Prior Bonds.

On March 29, 2005, the Commonwealth issued its General Obligation Bonds, Consolidated Loan of 2005, Series A (herein referred to as the "2005 NM Bonds" and, collectively with the 2005 REF Bonds, as the "2005 Bonds") as fixed rate bonds, to finance certain capital improvements. As provided by Bond Counsel, the 2005 REF Bonds and the 2005 NM Bonds were treated as a single issue for federal income tax purposes.

Concurrently with the issuance of the 2005 Bonds, the Commonwealth entered into certain escrow reinvestment agreements (defined as Agreement A and Agreement B in our verification report dated March 29, 2005 (herein referred to as the "2005 Verification Report"), which was prepared in conjunction with the issuance of the 2005 Bonds, pursuant to which the cash receipts from the 2005 Securities were and are to be reinvested.

Concurrently with the issuance of the 2005 REF Bonds, the Commonwealth entered into several interest rate swap agreements (herein collectively referred to as the "2005 Swap Agreement") with Citibank, N.A. (herein referred to as the "2005 Swap Provider") pursuant to which the Commonwealth agreed to make payments to the 2005 Swap Provider monthly on the first day of each month beginning June 1, 2005 based on a notional amount equal to the then outstanding principal balance of the 2005 REF Bonds and the fixed annual rates shown in Exhibit C-1 of the 2005 Verification Report, in exchange for payments from the 2005 Swap Provider on the same dates based on the same notional amounts and certain variable rates (based on the BMA Municipal Swap Index) to be determined from time to time. The 2005 Swap Agreement terminates on February 1, 2028.

On March 19, 2010, the Commonwealth issued its General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (herein referred to as the "2010A Bonds") to currently refund the outstanding 2005 REF Bonds. As a result of the refunding of the 2005 REF Bonds, 100% of the outstanding 2005 Securities (herein referred to as the "2010 Transferred Securities") transferred on March 24, 2010, the date of redemption of the 2005 REF Bonds, to become transferred proceeds of the 2010A Bonds.

As provided by Bond Counsel, pursuant to applicable provisions of the Internal Revenue Code of 1986, as amended, on March 24, 2010 (i) the 2005 Swap Agreement was deemed terminated with respect to the 2005 REF Bonds, and (ii) the Commonwealth was treated as having paid a deemed swap termination payment associated with the deemed termination of the 2005 Swap Agreement. Concurrently with the deemed termination of the 2005 Swap Agreement, the Commonwealth elected to treat the unamortized portion of the 2005 Swap Agreement as a new qualified hedge consisting of the following components: (1) a portion identified and integrated with the 2010A Bonds (herein referred to as the "2010A Swap Agreement"), (2) a portion identified on an anticipatory basis (herein referred to as the "2011A Swap Agreement") with the General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A (herein referred to as the "2011A Bonds"),

(3) a portion identified on an anticipatory basis with a portion of the 2012B-1 Bonds (herein referred to as the "2012 Swap Agreement"), and (4) portions identified on an anticipatory basis with several other anticipated future refunding issues. A portion of each maturity of the 2010A Bonds was not covered under the 2010A Swap Agreement.

On January 31, 2011, the Commonwealth issued its Tax-Exempt Commercial Paper Notes, Series E (herein referred to as the "2011 CP"), the proceeds of which were used, together with (1) certain general revenues of the Commonwealth that were appropriated to pay the debt service requirements of the 2010A Bonds and (2) certain additional amounts contributed by the Commonwealth, to currently refund those 2010A Bonds maturing on February 1, 2011 (herein referred to as the "Refunded 2010A/11 Bonds"). The 2011 CP was subsequently remarketed on February 7, 2011 and on February 14, 2011 to mature on February 16, 2011.

The Commonwealth issued its 2011A Bonds on February 15, 2011 to pay the principal of the 2011 CP at maturity. On February 15, 2011, the Commonwealth integrated the 2011A Swap Agreement with the 2011A Bonds.

As a result of the refunding of the Refunded 2010A/11 Bonds, a portion of the outstanding 2010 Transferred Securities (herein referred to as the "2011A Transferred Securities") transferred on February 1, 2011, the date of redemption of the Refunded 2010A/11 Bonds, to become transferred proceeds of the 2011A Bonds.

The Commonwealth intends to issue the 2012 Bonds on January 24, 2012 to finance certain capital improvements and to currently refund the following bonds (herein collectively referred to as the "Refunded Bonds"):

- A portion of the outstanding 1998 Bonds associated with the Deutsche Swap Agreement (herein referred to as the "Refunded 1998 Unhedged Bonds"),
- A portion of the outstanding 1998 Bonds associated with the Citi Swap Agreement (herein referred to as the "Refunded 1998 Hedged Bonds"),
- The 2010A Bonds maturing on February 1, 2012 (herein referred to as the "Refunded 2010A/12 Bonds"), and
- The 2011A Bonds maturing on February 1, 2012 (herein referred to as the "Refunded 2011A Bonds").

On January 24, 2012, the Commonwealth will (1) integrate the 1998 Citi Swap Agreement with the 2012A-2 Bonds and (2) integrate the 2012 Swap Agreement with the 2012A-3 Bonds. As provided by Bond Counsel, pursuant to applicable provisions of the Internal Revenue Code of 1986, as amended, for purposes of computing the yield on the 2012 Bonds, (1) the 1998 Citi Swap Agreement will become integrated with the 2012A-2 Bonds at the on-market swap rate (herein referred to as the "1998 On-Market Swap Rate") determined as of February 8, 2012 for a swap comparable to the 1998 Citi Swap Agreement commencing February 8, 2012 and (i) the 1998 Citi

Swap Agreement will be deemed terminated with respect to the 1998 Bonds and (ii) the Commonwealth will be treated as having paid a deemed termination payment (herein referred to as the "1998 Deemed Termination Amount") associated with the deemed termination of the 1998 Citi Swap Agreement on February 8, 2012 and (2) the 2012 Swap Agreement will become integrated with the 2012B-1 Bonds at the on-market swap rate (herein referred to as the "2012 On-Market Swap Rate") determined as of February 1, 2012 for a swap comparable to the 2012 Swap Agreement commencing February 1, 2012 and (i) the 2012 Swap Agreement will be deemed terminated with respect to the 2010A Bonds and (ii) the Commonwealth will be treated as having paid a deemed termination payment (herein referred to as the "2012 Deemed Termination Amount") associated with the deemed termination of the 2012 Swap Agreement on February 1, 2012.

The 2012A-1 Bonds, a portion of those 2012A-2 Bonds (as described in Exhibit A-2), a portion of those 2012A-3 Bonds (as described in Exhibit A-3), the 2012A-4 Bonds and the 2012A-5 Bonds will not be hedged with a swap agreement (herein collectively referred to as the "2012 Unhedged Bonds"). The portions of those 2012A-2 Bonds (as described in Exhibit A-2) associated with the 1998 Swap Agreement are herein referred to as the "2012A-2 Hedged Bonds". The portions of those 2012A-3 Bonds (as described in Exhibit A-3) associated with the 2012 Swap Agreement are herein referred to as the "2012A-3 Hedged Bonds" and collectively with the 2012A-2 Hedged Bonds as the "2012 Hedged Bonds". In accordance with information provided to us by the Underwriter, for purposes of computing the yield on the 2012 Bonds, the Commonwealth will be deemed to make monthly payments to the Citi Swap Provider and the 2005 Swap Provider at the 1998 On-Market Swap Rate and the 2012 On-Market Swap Rate, respectively, beginning on February 8, 2012 and February 1, 2012, respectively, and on the first day of each calendar month thereafter, through and including September 1, 2016 (the final maturity date of the 2012 Bonds), based on a notional amount equal to the then-outstanding principal of (1) the 2012A-2 Hedged Bonds (as described in Exhibit A-2) and (2) the 2012A-3 Hedged Bonds (as described in Exhibit A-3).

As provided by the Underwriter, (1) the 1998 On-Market Rate is 0.521%, (2) the 2012 On-Market Rate is 3.7399%, (3) the 1998 Deemed Termination Payment is in the amount of \$13,493,858.00 and (4) the 2012 Deemed Termination Payment is in the amount of \$16,252,227.00.

As a result of the refunding of the Refunded Bonds, a portion of the outstanding 2010 Transferred Securities and the outstanding 2011A Transferred Securities (herein collectively referred to as the "2012 Transferred Securities") will transfer on February 1, 2012, the date of redemption of the Refunded 2010A/12 Bonds and Refunded 2011A Bonds, to become transferred proceeds of the 2012 Bonds.

PROJECTED YIELD ON THE 2012 BONDS

We verified the mathematical accuracy of the accompanying computations of the projected yield on the 2012 Bonds as of January 24, 2012. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the combined adjusted payments to be made on the 2012 Bonds (treating, as instructed by Bond Counsel, (1) the

1998 On-Market Swap Payments to be made to the 1998 Citi Swap Provider as additional interest payments on the 2012 Bonds, (2) the 2012 On-Market Swap Payments to be made to the 2012 Swap Provider as additional interest payments on the 2012 Bonds, (3) the variable rate swap payments to be received from the 1998 Citi Swap Provider and 2012 Swap Provider as a reduction in the interest payments on the 2012 Bonds, and (3) the amortized amounts of the 1998 Deemed Termination Amounts and 2012 Deemed Termination Amounts are treated as additional interest payments on the 2012 Bonds) to an amount equal to the target purchase price of the 2012 Bonds. The computations were made using a 360-day year with interest compounded semi-annually and a target purchase price equal to the \$462,850,000.00 par amount of the 2012 Bonds.

As instructed by Bond Counsel, for purposes of computing the projected yield on the 2012 Bonds, the following assumptions were made:

- The monthly fixed rate swap payments from the Commonwealth to the 1998 Citi Swap Provider are computed at the 1998 On-Market Rate and are assumed (1) to be paid on the first day of each calendar month and (2) to be calculated using a 30/360 day count convention.
- The monthly fixed rate swap payments from the Commonwealth to the 2012 Swap Provider are computed at the 2012 On-Market Rate and are assumed (1) to be paid on the first day of each calendar month and (2) to be calculated using a 30/360 day count convention.
- The monthly variable rate swap payments from the 1998 Citi Swap Provider to the Commonwealth are computed assuming (1) the SIFMA Index rate is 0.28% per annum at all times from February 8, 2012 to February 1, 2015, (2) the payments are made on the first day of each calendar month and (3) the payments are calculated using an actual/actual day count convention.
- The monthly variable rate swap payments from the 2012 Swap Provider to the Commonwealth are computed assuming (1) the SIFMA Index rate is 0.28% per annum at all times from February 1, 2012 to February 1, 2015, (2) the payments are made on the first day of each calendar month and (3) the payments are calculated using an actual/actual day count convention.
- The monthly payments from the Commonwealth to the holders of the 2012 Bonds are computed assuming (1) the SIFMA Index rate plus or minus an assumed spread as provided in Exhibits A-1 through A-5 from January 24, 2012 to February 1, 2015, (2) the payments are made on the first day of each calendar month and (3) the payments are calculated using an actual/actual day count convention.
- The 1998 Deemed Termination Payment is amortized over the life of the 1998 Swap Agreement (assuming annual installments payable in arrears on September 1, 2012 and on each September 1 thereafter) using a semi-annually compounded discount rate equal to the yield to maturity on the 2012 Bonds (as shown in Exhibit A-8) and the amortized

payments, as shown in Exhibit A, are treated as additional interest payments on the 2012 Bonds.

- The 2012 Deemed Termination Payment is amortized over the life of the 2012 Swap Agreement (assuming annual installments payable in arrears on September 1, 2012 and on each February 1 and September 1 thereafter) using a semi-annually compounded discount rate equal to the yield to maturity on the 2012 Bonds (as shown in Exhibit A-8) and the amortized payments, as shown in Exhibit A, are treated as additional interest payments on the 2012 Bonds.

Based upon the assumptions, procedures and information set forth above, the computations presented in Exhibits A through A-8, which indicate that the projected yield on the 2012 Bonds is 4.34717%, are mathematically correct. Because the actual payments to be received from the 1998 Swap Provider and the 2005 Swap Provider pursuant to the 1998 Swap Agreement and the 2012 Swap Agreement and the actual payments to the holders of the 2012 Bonds may differ from the projected amounts described above, the actual yield on the 2012 Bonds may be different than the projected yield presented above.

MATHEMATICAL COMPUTATIONS OF THE TRANSFERRED RECEIPTS ASSOCIATED WITH THE 2012 TRANSFERRED SECURITIES

We verified the accompanying computations presented in Exhibits B and B-1 to calculate the transferred receipts associated with the 2012 Transferred Securities.

We read a copy of our verification report dated February 15, 2011 prepared in conjunction with the issuance of the 2011A Bonds (herein referred to as the "2011A Verification Report") insofar as it describes (1) the remaining cash receipts from 2010 Securities and the 2011A Transferred Securities and (2) the outstanding principal of the 2010 Bonds and the 2011A Bonds. We read a schedule of Prorated Sources and Uses of Funds (With New Money) prepared by the Underwriter on January 20, 2012 at 4:23 p.m., insofar as the sources of funds used to refund the 2010 Bonds and the 2011A Bonds and the principal amount of 2010 Bonds and 2011A Bonds to be refunded by the 2012 Bonds are described. We compared the above information set forth in such documents with the related information contained in the schedules provided to us and found the information to be consistent.

Based on the assumptions, procedures and information set forth above, using procedures and allocations approved by Bond Counsel, the calculations provided to us and represented in Exhibits B and B-1, which provide for the amount of receipts from the 2012 Transferred Securities to the 2012 Bonds, are mathematically correct.

USE OF THIS REPORT

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the issuance of the 2012 Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except

that (i) reference may be made to the report in the Official Statement for the 2012 Bonds in the section captioned "Verification of Mathematical Computations," (ii) reference may be made to the report in the purchase contract or in any closing documents pertaining to the issuance of the 2012 Bonds, (iii) the report may be included in the transcripts pertaining to the issuance of the 2012 Bonds, (iv) the report may be relied upon by Bond Counsel in connection with its opinions concerning the 2012 Bonds, and (v) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Refunded Bonds or the 2012 Bonds.

* * * * *

The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the computation cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the issuance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

Users of this report should recognize that the computations are based upon assumptions, the reasonableness of which we have not examined, with respect to (1) the projected payments to be received from the 1998 Swap Provider pursuant to the 1998 Swap Agreement and the 2005 Swap Provider pursuant to the 2012 Swap Agreement, (2) the actual interest payments to be made on the 2012 Bonds, (3) the resulting yield on the 2012 Bonds and (4) the resulting transferred proceeds penalty. There may be differences between the projected and actual results as a result of events and circumstances which do not occur as assumed, and those differences may be material.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,
Causey Deugen & Moore Inc.

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

YIELD ON THE 2012 BONDS
AS OF JANUARY 24, 2012

Payment Date	Net Debt Payment for the:					Amortization of the Deemed Termination Amounts Associated with the:		Value of the 2012 Bonds as of February 1, 2015	Net Debt Payment	Present Value at January 24, 2012 Using a Semi-Annually Compounded Yield of 4.34717%
	2012A-1 Bonds (Exhibit A-1)	2012A-2 Bonds (Exhibit A-2)	2012A-3 Bonds (Exhibit A-3)	2012A-4 Bonds (Exhibit A-4)	2012A-5 Bonds (Exhibit A-5)	2012A-2 Bonds (Exhibit A-6)	2012A-3 Bonds (Exhibit A-7)			
01-Feb-12	\$4,891.08	\$19,565.62	\$18,719.19	\$3,115.74	\$12,758.26				\$59,049.87	\$59,000.52
01-Mar-12	17,681.70	95,901.59	488,246.31	11,263.69	46,122.32				659,215.62	656,308.27
01-Apr-12	18,901.13	105,743.59	490,690.31	12,040.49	49,303.17				676,678.69	671,284.24
01-May-12	18,291.42	104,474.74	489,468.31	11,652.09	47,712.75				671,599.31	663,861.91
01-Jun-12	18,901.13	105,743.59	490,690.31	12,040.49	49,303.17				676,678.69	666,489.91
01-Jul-12	18,291.42	104,474.74	489,468.31	11,652.09	47,712.75				671,599.31	659,120.58
01-Aug-12	18,901.13	105,743.59	490,690.31	12,040.49	49,303.17				676,678.69	661,729.81
01-Sep-12	5,418,901.13	21,715,743.59	21,160,690.31	3,452,040.49	14,134,303.17	\$3,238,023.16	\$2,080,277.71		71,199,979.56	69,377,975.93
01-Oct-12	17,184.86	93,463.83	429,699.76	10,947.17	44,826.48				596,122.10	578,789.36
01-Nov-12	17,757.69	94,831.13	430,927.73	11,312.08	46,320.69				601,149.31	581,582.37
01-Dec-12	17,184.86	93,463.83	429,699.76	10,947.17	44,826.48				596,122.10	574,655.62
01-Jan-13	17,757.69	94,831.13	430,927.73	11,312.08	46,320.69				601,149.31	577,428.69
01-Feb-13	2,916,757.69	11,695,831.13	11,525,927.73	1,856,312.08	7,606,320.69		3,094,061.02		38,695,210.33	37,035,377.18
01-Mar-13	15,504.93	88,520.27	392,929.77	9,877.36	40,444.81				547,277.15	521,927.81
01-Apr-13	17,166.18	92,385.50	396,641.99	10,935.65	44,778.18				561,907.51	533,963.43
01-May-13	16,612.43	91,097.09	395,404.58	10,582.89	43,333.73				557,030.72	527,435.54
01-Jun-13	17,166.18	92,385.50	396,641.99	10,935.65	44,778.18				561,907.51	530,149.84
01-Jul-13	16,612.43	91,097.09	395,404.58	10,582.89	43,333.73				557,030.72	523,668.57
01-Aug-13	17,166.18	92,385.50	396,641.99	10,935.65	44,778.18				561,907.51	526,363.49
01-Sep-13	2,595,166.18	10,409,385.50	10,261,641.99	1,650,935.65	6,769,778.18	4,534,815.06	2,821,730.63		39,043,453.20	36,442,881.41
01-Oct-13	15,743.68	82,539.66	363,605.42	10,030.23	41,067.49				512,986.48	477,105.00
01-Nov-13	16,268.47	83,903.21	364,807.69	10,364.57	42,436.41				517,780.35	479,840.80
01-Dec-13	15,743.68	82,539.66	363,605.42	10,030.23	41,067.49				512,986.48	473,697.50
01-Jan-14	16,268.47	83,903.21	364,807.69	10,364.57	42,436.41				517,780.35	476,413.76
01-Feb-14	2,915,268.47	11,674,903.21	11,459,807.69	1,860,364.57	7,607,436.41		2,579,590.99		38,097,371.34	34,928,288.13
01-Mar-14	13,515.44	75,099.94	324,494.58	8,609.39	35,253.92				456,973.26	417,461.70
01-Apr-14	14,963.52	78,685.67	327,873.41	9,531.82	39,031.12				470,085.55	427,903.96
01-May-14	14,480.83	77,490.43	326,747.13	9,224.34	37,772.05				465,714.78	422,408.84
01-Jun-14	14,963.52	78,685.67	327,873.41	9,531.82	39,031.12				470,085.55	424,847.86
01-Jul-14	14,480.83	77,490.43	326,747.13	9,224.34	37,772.05				465,714.78	419,391.98
01-Aug-14	14,963.52	78,685.67	327,873.41	9,531.82	39,031.12				470,085.55	421,813.57
01-Sep-14	6,443,963.52	25,799,685.67	24,932,873.41	4,104,531.82	16,804,031.12	3,599,951.04	2,307,260.60		83,992,297.19	75,097,706.67
01-Oct-14	10,993.32	54,949.65	242,378.75	7,002.95	28,677.62				344,002.28	306,472.91
01-Nov-14	11,359.76	56,002.70	243,248.87	7,236.38	29,633.54				347,481.24	308,464.86
01-Dec-14	10,993.32	54,949.65	242,378.75	7,002.95	28,677.62				344,002.28	304,284.07
01-Jan-15	11,359.76	56,002.70	243,248.87	7,236.38	29,633.54				347,481.24	306,261.79
01-Feb-15	2,910,359.76	11,652,002.70	11,338,248.87	1,852,236.38	7,594,633.54	841,560.32	1,703,322.87	\$183,905,000.00	221,797,364.43	194,787,642.12
	\$23,682,487.29	\$95,534,588.31	\$102,121,773.48	\$15,083,516.48	\$61,773,981.35	\$12,214,349.59	\$14,586,243.82	\$183,905,000.00	\$508,901,940.33	\$462,850,000.00

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

YIELD ON THE 2012 BONDS
AS OF JANUARY 24, 2012

Dated Date: 24-Jan-12
Delivery Date: 24-Jan-12

The above aggregate present value of the future
payments equals the following:

	2012A-1 Bonds	2012A-2 Bonds	2012A-3 Bonds	2012A-4 Bonds	2012A-5 Bonds	Total
Par Value of the Issue	\$38,337,000.00	\$153,368,000.00	\$146,725,000.00	\$24,420,000.00	\$100,000,000.00	\$462,850,000.00
Proceeds on Delivery Date	\$38,337,000.00	\$153,368,000.00	\$146,725,000.00	\$24,420,000.00	\$100,000,000.00	\$462,850,000.00

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

2012A-1 BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JANUARY 24, 2012

Payment Date	Assumed SIFMA Index Rate	Spread Over SIFMA	Total Assumed Rate	Payment For		Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
				Principal	Interest				
01-Feb-12					\$4,891.08	\$4,891.08			
01-Mar-12					17,681.70	17,681.70			
01-Apr-12					18,901.13	18,901.13			
01-May-12					18,291.42	18,291.42			
01-Jun-12					18,901.13	18,901.13			
01-Jul-12					18,291.42	18,291.42			
01-Aug-12					18,901.13	18,901.13			
01-Sep-12	0.280%	-0.030%	0.250%	\$5,400,000.00	18,901.13	5,418,901.13	100.000%	\$0.00	\$5,400,000.00
01-Oct-12					17,184.86	17,184.86			
01-Nov-12					17,757.69	17,757.69			
01-Dec-12					17,184.86	17,184.86			
01-Jan-13					17,757.69	17,757.69			
01-Feb-13	0.280%	-0.020%	0.260%	2,899,000.00	17,757.69	2,916,757.69	100.000%	0.00	2,899,000.00
01-Mar-13					15,504.93	15,504.93			
01-Apr-13					17,166.18	17,166.18			
01-May-13					16,612.43	16,612.43			
01-Jun-13					17,166.18	17,166.18			
01-Jul-13					16,612.43	16,612.43			
01-Aug-13					17,166.18	17,166.18			
01-Sep-13	0.280%	0.130%	0.410%	2,578,000.00	17,166.18	2,595,166.18	100.000%	0.00	2,578,000.00
01-Oct-13					15,743.68	15,743.68			
01-Nov-13					16,268.47	16,268.47			
01-Dec-13					15,743.68	15,743.68			
01-Jan-14					16,268.47	16,268.47			
01-Feb-14	0.280%	0.250%	0.530%	2,899,000.00	16,268.47	2,915,268.47	100.000%	0.00	2,899,000.00
01-Mar-14					13,515.44	13,515.44			
01-Apr-14					14,963.52	14,963.52			
01-May-14					14,480.83	14,480.83			
01-Jun-14					14,963.52	14,963.52			
01-Jul-14					14,480.83	14,480.83			
01-Aug-14					14,963.52	14,963.52			
01-Sep-14	0.280%	0.380%	0.660%	6,429,000.00	14,963.52	6,443,963.52	100.000%	0.00	6,429,000.00
01-Oct-14					10,993.32	10,993.32			
01-Nov-14					11,359.76	11,359.76			
01-Dec-14					10,993.32	10,993.32			
01-Jan-15					11,359.76	11,359.76			
01-Feb-15	0.280%	0.400%	0.680%	2,899,000.00	11,359.76	2,910,359.76	100.000%	0.00	2,899,000.00
01-Mar-15					8,748.18	8,748.18			
01-Apr-15					9,685.49	9,685.49			
01-May-15					9,373.05	9,373.05			
01-Jun-15					9,685.49	9,685.49			
01-Jul-15					9,373.05	9,373.05			
01-Aug-15					9,685.49	9,685.49			
01-Sep-15	0.280%	0.450%	0.730%	8,048,000.00	9,685.49	8,057,685.49	100.000%	0.00	8,048,000.00
01-Oct-15					4,544.25	4,544.25			
01-Nov-15					4,695.73	4,695.73			
01-Dec-15					4,544.25	4,544.25			
01-Jan-16					4,695.73	4,695.73			
01-Feb-16	0.280%	0.480%	0.760%	5,479,000.00	4,695.73	5,483,695.73	100.000%	0.00	5,479,000.00
01-Mar-16					1,081.40	1,081.40			
01-Apr-16					1,155.98	1,155.98			
01-May-16					1,118.69	1,118.69			
01-Jun-16					1,155.98	1,155.98			
01-Jul-16					1,118.69	1,118.69			
01-Aug-16					1,155.98	1,155.98			
01-Sep-16	0.280%	0.520%	0.800%	1,706,000.00	1,155.98	1,707,155.98	100.000%	0.00	1,706,000.00
				<u>\$38,337,000.00</u>	<u>\$675,841.90</u>	<u>\$39,012,841.90</u>		<u>\$0.00</u>	<u>\$38,337,000.00</u>

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

2012A-2 BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JANUARY 24, 2012

Payment Date	Assumed SIFMA Index Rate	Spread Over SIFMA	Total Assumed Rate	Payment For		Portion of Principal Hedged by the 1998 Swap	Interest due to the Swap Provider at (1) 0.521%	Swap Payments from the Swap Provider at (2) 0.280%	Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
				Principal	Interest							
01-Feb-12					\$19,565.62				\$19,565.62			
01-Mar-12					70,731.57			\$50,913.77	(\$25,743.75)			95,901.59
01-Apr-12					75,609.61			66,409.27	(36,275.29)			105,743.59
01-May-12					73,170.59			66,409.27	(35,105.11)			104,474.74
01-Jun-12					75,609.61			66,409.27	(36,275.29)			105,743.59
01-Jul-12					73,170.59			66,409.27	(35,105.11)			104,474.74
01-Aug-12					75,609.61			66,409.27	(36,275.29)			105,743.59
01-Sep-12	0.280%	-0.030%	0.250%	\$21,610,000.00	75,609.61	\$32,164,000.00	66,409.27	(36,275.29)	21,715,743.59	100.000%	\$0.00	\$21,610,000.00
01-Oct-12					68,742.31			52,444.73	(27,723.21)			93,463.83
01-Nov-12					71,033.72			52,444.73	(28,647.32)			94,831.13
01-Dec-12					68,742.31			52,444.73	(27,723.21)			93,463.83
01-Jan-13					71,033.72			52,444.73	(28,647.32)			94,831.13
01-Feb-13	0.280%	-0.020%	0.260%	11,601,000.00	71,033.72		52,444.73	(28,647.32)	11,695,831.13	100.000%	0.00	11,601,000.00
01-Mar-13					62,021.43			52,444.73	(25,945.89)			88,520.27
01-Apr-13					68,666.58			52,444.73	(28,725.81)			92,385.50
01-May-13					66,451.53			52,444.73	(27,799.17)			91,097.09
01-Jun-13					68,666.58			52,444.73	(28,725.81)			92,385.50
01-Jul-13					66,451.53			52,444.73	(27,799.17)			91,097.09
01-Aug-13					68,666.58			52,444.73	(28,725.81)			92,385.50
01-Sep-13	0.280%	0.130%	0.410%	10,317,000.00	68,666.58	24,902,000.00	52,444.73	(28,725.81)	10,409,385.50	100.000%	0.00	10,317,000.00
01-Oct-13					62,974.84			41,633.11	(22,068.30)			82,539.66
01-Nov-13					65,074.00			41,633.11	(22,803.91)			83,903.21
01-Dec-13					62,974.84			41,633.11	(22,068.30)			82,539.66
01-Jan-14					65,074.00			41,633.11	(22,803.91)			83,903.21
01-Feb-14	0.280%	0.250%	0.530%	11,591,000.00	65,074.00		41,633.11	(22,803.91)	11,674,903.21	100.000%	0.00	11,591,000.00
01-Mar-14					54,063.90			41,633.11	(20,597.08)			75,099.94
01-Apr-14					59,856.46			41,633.11	(22,803.91)			78,685.67
01-May-14					57,925.61			41,633.11	(22,068.30)			77,490.43
01-Jun-14					59,856.46			41,633.11	(22,803.91)			78,685.67
01-Jul-14					57,925.61			41,633.11	(22,068.30)			77,490.43
01-Aug-14					59,856.46			41,633.11	(22,803.91)			78,685.67
01-Sep-14	0.280%	0.380%	0.660%	25,721,000.00	59,856.46	42,092,000.00	41,633.11	(22,803.91)	25,799,685.67	100.000%	0.00	25,721,000.00
01-Oct-14					43,972.85			23,358.17	(12,381.37)			54,949.65
01-Nov-14					45,438.61			23,358.17	(12,794.08)			56,002.70

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

2012A-2 BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JANUARY 24, 2012

Payment Date	Assumed SIFMA Index Rate	Spread Over SIFMA	Total Assumed Rate	Payment For		Portion of Principal Hedged by the 1998 Swap	Interest due to the Swap Provider at (1) 0.521%	Swap Payments from the Swap Provider at (2) 0.280%	Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
				Principal	Interest							
01-Dec-14					43,972.85		23,358.17	(12,381.37)	54,949.65			
01-Jan-15					45,438.61		23,358.17	(12,794.08)	56,002.70			
01-Feb-15	0.280%	0.400%	0.680%	11,596,000.00	45,438.61		23,358.17	(12,794.08)	11,652,002.70	100.000%	0.00	11,596,000.00
01-Mar-15					34,992.34		23,358.17	(11,555.95)	46,794.57			
01-Apr-15					38,741.52		23,358.17	(12,794.08)	49,305.61			
01-May-15					37,491.80		23,358.17	(12,381.37)	48,468.59			
01-Jun-15					38,741.52		23,358.17	(12,794.08)	49,305.61			
01-Jul-15					37,491.80		23,358.17	(12,381.37)	48,468.59			
01-Aug-15					38,741.52		23,358.17	(12,794.08)	49,305.61			
01-Sep-15	0.280%	0.450%	0.730%	32,202,000.00	38,741.52	37,730,000.00	23,358.17	(12,794.08)	32,251,305.61	100.000%	0.00	32,202,000.00
01-Oct-15					18,170.60		6,977.06	(3,698.30)	21,449.35			
01-Nov-15					18,776.28		6,977.06	(3,821.58)	21,931.76			
01-Dec-15					18,170.60		6,977.06	(3,698.30)	21,449.35			
01-Jan-16					18,776.28		6,977.06	(3,821.58)	21,931.76			
01-Feb-16	0.280%	0.480%	0.760%	21,911,000.00	18,776.28		6,977.06	(3,821.58)	21,932,931.76	100.000%	0.00	21,911,000.00
01-Mar-16					4,322.43		6,977.06	(3,565.26)	7,734.23			
01-Apr-16					4,620.52		6,977.06	(3,811.14)	7,786.45			
01-May-16					4,471.48		6,977.06	(3,688.20)	7,760.34			
01-Jun-16					4,620.52		6,977.06	(3,811.14)	7,786.45			
01-Jul-16					4,471.48		6,977.06	(3,688.20)	7,760.34			
01-Aug-16					4,620.52		6,977.06	(3,811.14)	7,786.45			
01-Sep-16	0.280%	0.520%	0.800%	6,819,000.00	4,620.52	16,070,000.00	6,977.06	(3,811.14)	6,826,786.45	100.000%	0.00	6,819,000.00
				<u>\$153,368,000.00</u>	<u>\$2,703,387.16</u>	<u>\$152,958,000.00</u>	<u>\$1,942,326.12</u>	<u>(\$1,043,076.09)</u>	<u>\$156,970,637.19</u>		<u>\$0.00</u>	<u>\$153,368,000.00</u>

(1) On Market Rate as provided by Bond Counsel
(2) Assumed SIFMA Rate as provided by the Underwriter.

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

2012A-3 BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JANUARY 24, 2012

Payment Date	Assumed SIFMA Index Rate	Spread Over SIFMA	Total Assumed Rate	Payment For		Interest	Interest due to the Swap Provider at (1) 3.7399%	Swap Payments from the Swap Provider at (2) 0.280%	Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
01-Feb-12						\$18,719.19			\$18,719.19			
01-Mar-12						67,671.66	\$452,808.39	(\$32,233.74)	488,246.31			
01-Apr-12						72,338.67	452,808.39	(34,456.75)	490,690.31			
01-May-12						70,005.16	452,808.39	(33,345.25)	489,468.31			
01-Jun-12						72,338.67	452,808.39	(34,456.75)	490,690.31			
01-Jul-12						70,005.16	452,808.39	(33,345.25)	489,468.31			
01-Aug-12						72,338.67	452,808.39	(34,456.75)	490,690.31			
01-Sep-12	0.280%	-0.030%	0.250%	\$19,235,000.00	\$1,435,000.00	72,338.67	452,808.39	(34,456.75)	21,160,690.31	100.000%	\$0.00	\$20,670,000.00
01-Oct-12						65,769.51	392,860.91	(28,930.66)	429,699.76			
01-Nov-12						67,961.83	392,860.91	(29,895.01)	430,927.73			
01-Dec-12						65,769.51	392,860.91	(28,930.66)	429,699.76			
01-Jan-13						67,961.83	392,860.91	(29,895.01)	430,927.73			
01-Feb-13	0.280%	-0.020%	0.260%	11,095,000.00	0.00	67,961.83	392,860.91	(29,895.01)	11,525,927.73	100.000%	0.00	11,095,000.00
01-Mar-13						59,340.13	358,282.42	(24,692.78)	392,929.77			
01-Apr-13						65,698.00	358,282.42	(27,338.43)	396,641.99			
01-May-13						63,578.71	358,282.42	(26,456.55)	395,404.58			
01-Jun-13						65,698.00	358,282.42	(27,338.43)	396,641.99			
01-Jul-13						63,578.71	358,282.42	(26,456.55)	395,404.58			
01-Aug-13						65,698.00	358,282.42	(27,338.43)	396,641.99			
01-Sep-13	0.280%	0.130%	0.410%	9,865,000.00	0.00	65,698.00	358,282.42	(27,338.43)	10,261,641.99	100.000%	0.00	9,865,000.00
01-Oct-13						60,254.34	327,537.33	(24,186.25)	363,605.42			
01-Nov-13						62,262.82	327,537.33	(24,992.45)	364,807.69			
01-Dec-13						60,254.34	327,537.33	(24,186.25)	363,605.42			
01-Jan-14						62,262.82	327,537.33	(24,992.45)	364,807.69			
01-Feb-14	0.280%	0.250%	0.530%	11,095,000.00	0.00	62,262.82	327,537.33	(24,992.45)	11,459,807.69	100.000%	0.00	11,095,000.00
01-Mar-14						51,726.43	292,958.83	(20,190.68)	324,494.58			
01-Apr-14						57,268.55	292,958.83	(22,353.97)	327,873.41			
01-May-14						55,421.18	292,958.83	(21,632.88)	326,747.13			
01-Jun-14						57,268.55	292,958.83	(22,353.97)	327,873.41			
01-Jul-14						55,421.18	292,958.83	(21,632.88)	326,747.13			
01-Aug-14						57,268.55	292,958.83	(22,353.97)	327,873.41			
01-Sep-14	0.280%	0.380%	0.660%	24,605,000.00	0.00	57,268.55	292,958.83	(22,353.97)	24,932,873.41	100.000%	0.00	24,605,000.00
01-Oct-14						42,073.81	216,275.30	(15,970.36)	242,378.75			

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

2012A-3 BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JANUARY 24, 2012

Payment Date	Assumed SIFMA Index Rate	Spread Over SIFMA	Total Assumed Rate	Payment For		Interest	Interest due to the Swap Provider at (1) 3.7399%	Swap Payments from the Swap Provider at (2) 0.280%	Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
				Hedged Principal	Unhedged Principal							
01-Nov-14						43,476.27	216,275.30	(16,502.70)	243,248.87			
01-Dec-14						42,073.81	216,275.30	(15,970.36)	242,378.75			
01-Jan-15						43,476.27	216,275.30	(16,502.70)	243,248.87			
01-Feb-15	0.280%	0.400%	0.680%	11,095,000.00	0.00	43,476.27	216,275.30	(16,502.70)	11,338,248.87	100.000%	0.00	11,095,000.00
01-Mar-15						33,481.25	181,696.81	(12,522.52)	202,655.54			
01-Apr-15						37,068.53	181,696.81	(13,864.22)	204,901.12			
01-May-15						35,872.77	181,696.81	(13,416.99)	204,152.59			
01-Jun-15						37,068.53	181,696.81	(13,864.22)	204,901.12			
01-Jul-15						35,872.77	181,696.81	(13,416.99)	204,152.59			
01-Aug-15						37,068.53	181,696.81	(13,864.22)	204,901.12			
01-Sep-15	0.280%	0.450%	0.730%	30,800,000.00	0.00	37,068.53	181,696.81	(13,864.22)	31,004,901.12	100.000%	0.00	30,800,000.00
01-Oct-15						17,392.77	85,706.04	(6,328.77)	96,770.04			
01-Nov-15						17,972.53	85,706.04	(6,539.73)	97,138.84			
01-Dec-15						17,392.77	85,706.04	(6,328.77)	96,770.04			
01-Jan-16						17,972.53	85,706.04	(6,539.73)	97,138.84			
01-Feb-16	0.280%	0.480%	0.760%	20,970,000.00	0.00	17,972.53	85,706.04	(6,539.73)	21,067,138.84	100.000%	0.00	20,970,000.00
01-Mar-16						4,139.23	20,351.29	(1,448.73)	23,041.79			
01-Apr-16						4,424.70	20,351.29	(1,548.64)	23,227.34			
01-May-16						4,281.97	20,351.29	(1,498.69)	23,134.57			
01-Jun-16						4,424.70	20,351.29	(1,548.64)	23,227.34			
01-Jul-16						4,281.97	20,351.29	(1,498.69)	23,134.57			
01-Aug-16						4,424.70	20,351.29	(1,548.64)	23,227.34			
01-Sep-16	0.280%	0.520%	0.800%	6,530,000.00	0.00	4,424.70	20,351.29	(1,548.64)	6,553,227.34	100.000%	0.00	6,530,000.00
				<u>\$145,290,000.00</u>	<u>\$1,435,000.00</u>	<u>\$2,586,592.44</u>	<u>\$14,254,582.10</u>	<u>(\$1,066,658.97)</u>	<u>\$162,499,515.57</u>		<u>\$0.00</u>	<u>\$146,725,000.00</u>

(1) As provided in the 2010 Tax and Swap Identification Certificate.

(2) Assumed SIFMA Rate as provided by the Underwriter.

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

2012A-4 BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JANUARY 24, 2012

Payment Date	Assumed SIFMA Index Rate	Spread Over SIFMA	Total Assumed Rate	Payment For		Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
				Unhedged Principal	Interest				
01-Feb-12					\$3,115.74	\$3,115.74			
01-Mar-12					11,263.69	11,263.69			
01-Apr-12					12,040.49	12,040.49			
01-May-12					11,652.09	11,652.09			
01-Jun-12					12,040.49	12,040.49			
01-Jul-12					11,652.09	11,652.09			
01-Aug-12					12,040.49	12,040.49			
01-Sep-12	0.280%	-0.030%	0.250%	\$3,440,000.00	12,040.49	-3,452,040.49	100.000%	\$0.00	\$3,440,000.00
01-Oct-12					10,947.17	10,947.17			
01-Nov-12					11,312.08	11,312.08			
01-Dec-12					10,947.17	10,947.17			
01-Jan-13					11,312.08	11,312.08			
01-Feb-13	0.280%	-0.020%	0.260%	1,845,000.00	11,312.08	1,856,312.08	100.000%	0.00	1,845,000.00
01-Mar-13					9,877.36	9,877.36			
01-Apr-13					10,935.65	10,935.65			
01-May-13					10,582.89	10,582.89			
01-Jun-13					10,935.65	10,935.65			
01-Jul-13					10,582.89	10,582.89			
01-Aug-13					10,935.65	10,935.65			
01-Sep-13	0.280%	0.130%	0.410%	1,640,000.00	10,935.65	1,650,935.65	100.000%	0.00	1,640,000.00
01-Oct-13					10,030.23	10,030.23			
01-Nov-13					10,364.57	10,364.57			
01-Dec-13					10,030.23	10,030.23			
01-Jan-14					10,364.57	10,364.57			
01-Feb-14	0.280%	0.250%	0.530%	1,850,000.00	10,364.57	1,860,364.57	100.000%	0.00	1,850,000.00
01-Mar-14					8,609.39	8,609.39			
01-Apr-14					9,531.82	9,531.82			
01-May-14					9,224.34	9,224.34			
01-Jun-14					9,531.82	9,531.82			
01-Jul-14					9,224.34	9,224.34			
01-Aug-14					9,531.82	9,531.82			
01-Sep-14	0.280%	0.380%	0.660%	4,095,000.00	9,531.82	4,104,531.82	100.000%	0.00	4,095,000.00
01-Oct-14					7,002.95	7,002.95			
01-Nov-14					7,236.38	7,236.38			
01-Dec-14					7,002.95	7,002.95			
01-Jan-15					7,236.38	7,236.38			
01-Feb-15	0.280%	0.400%	0.680%	1,845,000.00	7,236.38	1,852,236.38	100.000%	0.00	1,845,000.00
01-Mar-15					5,573.65	5,573.65			
01-Apr-15					6,170.83	6,170.83			
01-May-15					5,971.77	5,971.77			
01-Jun-15					6,170.83	6,170.83			
01-Jul-15					5,971.77	5,971.77			
01-Aug-15					6,170.83	6,170.83			
01-Sep-15	0.280%	0.450%	0.730%	5,125,000.00	6,170.83	5,131,170.83	100.000%	0.00	5,125,000.00
01-Oct-15					2,896.77	2,896.77			
01-Nov-15					2,993.33	2,993.33			
01-Dec-15					2,896.77	2,896.77			
01-Jan-16					2,993.33	2,993.33			
01-Feb-16	0.280%	0.480%	0.760%	3,490,000.00	2,993.33	3,492,993.33	100.000%	0.00	3,490,000.00
01-Mar-16					690.93	690.93			
01-Apr-16					738.58	738.58			
01-May-16					714.75	714.75			
01-Jun-16					738.58	738.58			
01-Jul-16					714.75	714.75			
01-Aug-16					738.58	738.58			
01-Sep-16	0.280%	0.520%	0.800%	1,090,000.00	738.58	1,090,738.58	100.000%	0.00	1,090,000.00
				<u>\$24,420,000.00</u>	<u>\$430,565.23</u>	<u>\$24,850,565.23</u>		<u>\$0.00</u>	<u>\$24,420,000.00</u>

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

2012A-5 BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JANUARY 24, 2012

Payment Date	Assumed SIFMA Index Rate	Spread Over SIFMA	Total Assumed Rate	Payment For		Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
				Unhedged Principal	Interest				
01-Feb-12					\$12,758.26	\$12,758.26			
01-Mar-12					46,122.32	46,122.32			
01-Apr-12					49,303.17	49,303.17			
01-May-12					47,712.75	47,712.75			
01-Jun-12					49,303.17	49,303.17			
01-Jul-12					47,712.75	47,712.75			
01-Aug-12					49,303.17	49,303.17			
01-Sep-12	0.280%	-0.030%	0.250%	\$14,085,000.00	49,303.17	14,134,303.17	100.000%	\$0.00	\$14,085,000.00
01-Oct-12					44,826.48	44,826.48			
01-Nov-12					46,320.69	46,320.69			
01-Dec-12					44,826.48	44,826.48			
01-Jan-13					46,320.69	46,320.69			
01-Feb-13	0.280%	-0.020%	0.260%	7,560,000.00	46,320.69	7,606,320.69	100.000%	0.00	7,560,000.00
01-Mar-13					40,444.81	40,444.81			
01-Apr-13					44,778.18	44,778.18			
01-May-13					43,333.73	43,333.73			
01-Jun-13					44,778.18	44,778.18			
01-Jul-13					43,333.73	43,333.73			
01-Aug-13					44,778.18	44,778.18			
01-Sep-13	0.280%	0.130%	0.410%	6,725,000.00	44,778.18	6,769,778.18	100.000%	0.00	6,725,000.00
01-Oct-13					41,067.49	41,067.49			
01-Nov-13					42,436.41	42,436.41			
01-Dec-13					41,067.49	41,067.49			
01-Jan-14					42,436.41	42,436.41			
01-Feb-14	0.280%	0.250%	0.530%	7,565,000.00	42,436.41	7,607,436.41	100.000%	0.00	7,565,000.00
01-Mar-14					35,253.92	35,253.92			
01-Apr-14					39,031.12	39,031.12			
01-May-14					37,772.05	37,772.05			
01-Jun-14					39,031.12	39,031.12			
01-Jul-14					37,772.05	37,772.05			
01-Aug-14					39,031.12	39,031.12			
01-Sep-14	0.280%	0.380%	0.660%	16,765,000.00	39,031.12	16,804,031.12	100.000%	0.00	16,765,000.00
01-Oct-14					28,677.62	28,677.62			
01-Nov-14					29,633.54	29,633.54			
01-Dec-14					28,677.62	28,677.62			
01-Jan-15					29,633.54	29,633.54			
01-Feb-15	0.280%	0.400%	0.680%	7,565,000.00	29,633.54	7,594,633.54	100.000%	0.00	7,565,000.00
01-Mar-15					22,819.54	22,819.54			
01-Apr-15					25,264.49	25,264.49			
01-May-15					24,449.51	24,449.51			
01-Jun-15					25,264.49	25,264.49			
01-Jul-15					24,449.51	24,449.51			
01-Aug-15					25,264.49	25,264.49			
01-Sep-15	0.280%	0.450%	0.730%	20,990,000.00	25,264.49	21,015,264.49	100.000%	0.00	20,990,000.00
01-Oct-15					11,855.51	11,855.51			
01-Nov-15					12,250.69	12,250.69			
01-Dec-15					11,855.51	11,855.51			
01-Jan-16					12,250.69	12,250.69			
01-Feb-16	0.280%	0.480%	0.760%	14,295,000.00	12,250.69	14,307,250.69	100.000%	0.00	14,295,000.00
01-Mar-16					2,820.77	2,820.77			
01-Apr-16					3,015.30	3,015.30			
01-May-16					2,918.03	2,918.03			
01-Jun-16					3,015.30	3,015.30			
01-Jul-16					2,918.03	2,918.03			
01-Aug-16					3,015.30	3,015.30			
01-Sep-16	0.280%	0.520%	0.800%	4,450,000.00	3,015.30	4,453,015.30	100.000%	0.00	4,450,000.00
				\$100,000,000.00	\$1,762,938.99	\$101,762,938.99		\$0.00	\$100,000,000.00

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

AMORTIZATION OF THE 1998 DEEMED TERMINATION AMOUNT
ASSOCIATED WITH THE 2012A-2 BONDS
AS OF FEBRUARY 8, 2012

Date	Outstanding Principal Balance	Amortized Amounts	Present Value at February 8, 2012
			Using a Semi-Annually Compounded Yield of 1.83809%
01-Sep-12	\$152,958,000.00	\$3,238,023.16	\$3,204,786.76
01-Sep-13	120,794,000.00	4,534,815.06	4,406,892.90
01-Sep-14	95,892,000.00	3,599,951.04	3,434,972.30
01-Sep-15	53,800,000.00	2,019,744.78	1,892,242.83
01-Sep-16	16,070,000.00	603,295.51	554,963.22
		<u>\$13,995,829.55</u>	<u>\$13,493,858.00</u>

Deemed Termination Amount

\$13,493,858.00

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

AMORTIZATION OF THE 2012 DEEMED TERMINATION AMOUNT
ASSOCIATED WITH THE 2012A-3 BONDS
AS OF FEBRUARY 1, 2012

Date	Outstanding Principal Balance	Amortized Amounts	Present Value at February 1, 2012
			Using a Semi-Annually Compounded Yield of 1.83809%
01-Sep-12	\$145,290,000.00	\$2,080,277.71	\$2,058,192.50
01-Feb-13	126,055,000.00	3,094,061.02	3,037,963.86
01-Sep-13	114,960,000.00	2,821,730.63	2,741,157.29
01-Feb-14	105,095,000.00	2,579,590.99	2,486,899.93
01-Sep-14	94,000,000.00	2,307,260.60	2,200,740.24
01-Feb-15	69,395,000.00	1,703,322.87	1,612,345.71
01-Sep-15	58,300,000.00	1,430,992.48	1,340,180.26
01-Feb-16	27,500,000.00	674,996.45	627,359.40
01-Sep-16	6,530,000.00	160,280.98	147,387.81
		<u>\$16,852,513.73</u>	<u>\$16,252,227.00</u>

Deemed Termination Amount

\$16,252,227.00

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

YIELD ON THE 2012 BONDS
FOR PURPOSES OF AMORTIZING THE DEEMED TERMINATION AMOUNTS ONLY
AS OF JANUARY 24, 2012

Payment Date	Net Debt Payment for the:					Net Debt Payment	Present Value at January 24, 2012 Using a Semi-Annually Compounded Yield of 1.83809%
	2012A-1 Bonds (Exhibit A-1)	2012A-2 Bonds (Exhibit A-2)	2012A-3 Bonds (Exhibit A-3)	2012A-4 Bonds (Exhibit A-4)	2012A-5 Bonds (Exhibit A-5)		
01-Feb-12	\$4,891.08	\$19,565.62	\$18,719.19	\$3,115.74	\$12,758.26	\$59,049.87	\$59,028.87
01-Mar-12	17,681.70	95,901.59	488,246.31	11,263.69	46,122.32	659,215.62	657,977.11
01-Apr-12	18,901.13	105,743.59	490,690.31	12,040.49	49,303.17	676,678.69	674,378.34
01-May-12	18,291.42	104,474.74	489,468.31	11,652.09	47,712.75	671,599.31	668,296.46
01-Jun-12	18,901.13	105,743.59	490,690.31	12,040.49	49,303.17	676,678.69	672,324.96
01-Jul-12	18,291.42	104,474.74	489,468.31	11,652.09	47,712.75	671,599.31	666,261.60
01-Aug-12	18,901.13	105,743.59	490,690.31	12,040.49	49,303.17	676,678.69	670,277.83
01-Sep-12	5,418,901.13	21,715,743.59	21,160,690.31	3,452,040.49	14,134,303.17	65,881,678.69	65,159,061.62
01-Oct-12	17,184.86	93,463.83	429,699.76	10,947.17	44,826.48	596,122.10	588,685.31
01-Nov-12	17,757.69	94,831.13	430,927.73	11,312.08	46,320.69	601,149.31	592,745.33
01-Dec-12	17,184.86	93,463.83	429,699.76	10,947.17	44,826.48	596,122.10	586,892.85
01-Jan-13	17,757.69	94,831.13	430,927.73	11,312.08	46,320.69	601,149.31	590,940.51
01-Feb-13	2,916,757.69	11,695,831.13	11,525,927.73	1,856,312.08	7,606,320.69	35,601,149.31	34,943,245.31
01-Mar-13	15,504.93	88,520.27	392,929.77	9,877.36	40,444.81	547,277.15	536,345.13
01-Apr-13	17,166.18	92,385.50	396,641.99	10,935.65	44,778.18	561,907.51	549,844.23
01-May-13	16,612.43	91,097.09	395,404.58	10,582.89	43,333.73	557,030.72	544,241.68
01-Jun-13	17,166.18	92,385.50	396,641.99	10,935.65	44,778.18	561,907.51	548,170.04
01-Jul-13	16,612.43	91,097.09	395,404.58	10,582.89	43,333.73	557,030.72	542,584.55
01-Aug-13	17,166.18	92,385.50	396,641.99	10,935.65	44,778.18	561,907.51	546,500.94
01-Sep-13	2,595,166.18	10,409,385.50	10,261,641.99	1,650,935.65	6,769,778.18	31,686,907.51	30,771,151.61
01-Oct-13	15,743.68	82,539.66	363,605.42	10,030.23	41,067.49	512,986.48	497,402.11
01-Nov-13	16,268.47	83,903.21	364,807.69	10,364.57	42,436.41	517,780.35	501,285.43
01-Dec-13	15,743.68	82,539.66	363,605.42	10,030.23	41,067.49	512,986.48	495,887.60
01-Jan-14	16,268.47	83,903.21	364,807.69	10,364.57	42,436.41	517,780.35	499,759.09
01-Feb-14	2,915,268.47	11,674,903.21	11,459,807.69	1,860,364.57	7,607,436.41	35,517,780.35	34,229,358.89

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

YIELD ON THE 2012 BONDS
FOR PURPOSES OF AMORTIZING THE DEEMED TERMINATION AMOUNTS ONLY
AS OF JANUARY 24, 2012

Net Debt Payment for the:							Present Value at January 24, 2012 Using a Semi-Annually Compounded Yield of 1.83809%
Payment Date	2012A-1 Bonds (Exhibit A-1)	2012A-2 Bonds (Exhibit A-2)	2012A-3 Bonds (Exhibit A-3)	2012A-4 Bonds (Exhibit A-4)	2012A-5 Bonds (Exhibit A-5)	Net Debt Payment	
01-Mar-14	13,515.44	75,099.94	324,494.58	8,609.39	35,253.92	456,973.26	439,725.40
01-Apr-14	14,963.52	78,685.67	327,873.41	9,531.82	39,031.12	470,085.55	451,653.59
01-May-14	14,480.83	77,490.43	326,747.13	9,224.34	37,772.05	465,714.78	446,772.47
01-Jun-14	14,963.52	78,685.67	327,873.41	9,531.82	39,031.12	470,085.55	450,278.37
01-Jul-14	14,480.83	77,490.43	326,747.13	9,224.34	37,772.05	465,714.78	445,412.12
01-Aug-14	14,963.52	78,685.67	327,873.41	9,531.82	39,031.12	470,085.55	448,907.34
01-Sep-14	6,443,963.52	25,799,685.67	24,932,873.41	4,104,531.82	16,804,031.12	78,085,085.55	74,453,602.05
01-Oct-14	10,993.32	54,949.65	242,378.75	7,002.95	28,677.62	344,002.28	327,504.11
01-Nov-14	11,359.76	56,002.70	243,248.87	7,236.38	29,633.54	347,481.24	330,312.19
01-Dec-14	10,993.32	54,949.65	242,378.75	7,002.95	28,677.62	344,002.28	326,506.91
01-Jan-15	11,359.76	56,002.70	243,248.87	7,236.38	29,633.54	347,481.24	329,306.44
01-Feb-15	2,910,359.76	11,652,002.70	11,338,248.87	1,852,236.38	7,594,633.54	35,347,481.24	33,447,614.55
01-Mar-15	8,748.18	46,794.57	202,655.54	5,573.65	22,819.54	286,591.47	270,774.49
01-Apr-15	9,685.49	49,305.61	204,901.12	6,170.83	25,264.49	295,327.53	278,603.28
01-May-15	9,373.05	48,468.59	204,152.59	5,971.77	24,449.51	292,415.51	275,435.88
01-Jun-15	9,685.49	49,305.61	204,901.12	6,170.83	25,264.49	295,327.53	277,754.98
01-Jul-15	9,373.05	48,468.59	204,152.59	5,971.77	24,449.51	292,415.51	274,597.22
01-Aug-15	9,685.49	49,305.61	204,901.12	6,170.83	25,264.49	295,327.53	276,909.25
01-Sep-15	8,057,685.49	32,251,305.61	31,004,901.12	5,131,170.83	21,015,264.49	97,460,327.53	91,242,929.19
01-Oct-15	4,544.25	21,449.35	96,770.04	2,896.77	11,855.51	137,515.92	128,547.06
01-Nov-15	4,695.73	21,931.76	97,138.84	2,993.33	12,250.69	139,010.35	129,746.04
01-Dec-15	4,544.25	21,449.35	96,770.04	2,896.77	11,855.51	137,515.92	128,155.65
01-Jan-16	4,695.73	21,931.76	97,138.84	2,993.33	12,250.69	139,010.35	129,350.98
01-Feb-16	5,483,695.73	21,932,931.76	21,067,138.84	3,492,993.33	14,307,250.69	66,284,010.35	61,584,182.80
01-Mar-16	1,081.40	7,734.23	23,041.79	690.93	2,820.77	35,369.11	32,811.22

THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

YIELD ON THE 2012 BONDS
FOR PURPOSES OF AMORTIZING THE DEEMED TERMINATION AMOUNTS ONLY
AS OF JANUARY 24, 2012

Payment Date	Net Debt Payment for the:					Net Debt Payment	Present Value at January 24, 2012 Using a Semi-Annually Compounded Yield of 1.83809%
	2012A-1 Bonds (Exhibit A-1)	2012A-2 Bonds (Exhibit A-2)	2012A-3 Bonds (Exhibit A-3)	2012A-4 Bonds (Exhibit A-4)	2012A-5 Bonds (Exhibit A-5)		
01-Apr-16	1,155.98	7,786.45	23,227.34	738.58	3,015.30	35,923.65	33,274.88
01-May-16	1,118.69	7,760.34	23,134.57	714.75	2,918.03	35,646.38	32,967.75
01-Jun-16	1,155.98	7,786.45	23,227.34	738.58	3,015.30	35,923.65	33,173.56
01-Jul-16	1,118.69	7,760.34	23,134.57	714.75	2,918.03	35,646.38	32,867.37
01-Aug-16	1,155.98	7,786.45	23,227.34	738.58	3,015.30	35,923.65	33,072.55
01-Sep-16	1,707,155.98	6,826,786.45	6,553,227.34	1,090,738.58	4,453,015.30	20,630,923.65	18,964,602.91
	<u>\$39,012,841.90</u>	<u>\$156,970,637.19</u>	<u>\$162,499,515.57</u>	<u>\$24,850,565.23</u>	<u>\$101,762,938.99</u>	<u>\$485,096,498.88</u>	<u>\$462,850,000.00</u>

Dated Date: 24-Jan-12
Delivery Date: 24-Jan-12

The above aggregate present value of the future
payments equals the following:

	2012A-1 Bonds	2012A-2 Bonds	2012A-3 Bonds	2012A-4 Bonds	2012A-5 Bonds	Total
Par Value of the Issue	\$38,337,000.00	\$153,368,000.00	\$146,725,000.00	\$24,420,000.00	\$100,000,000.00	\$462,850,000.00
Proceeds on Delivery Date	<u>\$38,337,000.00</u>	<u>\$153,368,000.00</u>	<u>\$146,725,000.00</u>	<u>\$24,420,000.00</u>	<u>\$100,000,000.00</u>	<u>\$462,850,000.00</u>

EXHIBIT B

THE COMMONWEALTH OF MASSACHUSETTS
 GENERAL OBLIGATION REFUNDING BONDS
 (SIFMA INDEX BONDS), 2012 SERIES A
 GENERAL OBLIGATION BONDS
 CONSOLIDATED LOAN OF 2012, SERIES A
 (SIFMA INDEX BONDS)

TRANSFERRED PROCEEDS ON EACH TRANSFER DATE

Date	Receipts from the 2010 Transferred Securities	Transferred	Receipts from the 2011A Transferred Securities	Transferred	Total
		Proceeds		Proceeds	2005 Securities
		01-Feb-12 37.70355%		01-Feb-12 16.64958%	Transferred to the 2012A Bonds
01-Apr-12	\$1,991,500.00	750,866.10	\$539,572.17	89,836.48	840,702.58
01-Jun-12	7,439,462.50	2,804,941.11	2,015,629.90	335,593.84	3,140,534.95
01-Jul-12	404,836.88	152,637.86	109,685.52	18,262.17	170,900.03
01-Aug-12	57,722,875.00	21,763,570.32	15,639,295.58	2,603,876.43	24,367,446.75
01-Oct-12	1,991,500.00	750,866.10	539,572.17	89,836.48	840,702.58
01-Dec-12	7,439,462.51	2,804,941.12	2,015,629.91	335,593.84	3,140,534.95
01-Jan-13	18,764,836.88	7,075,008.77	5,084,099.34	846,480.99	7,921,489.76
01-Apr-13	1,991,500.00	750,866.10	539,572.17	89,836.48	840,702.58
01-Jun-13	7,439,462.50	2,804,941.11	2,015,629.90	335,593.84	3,140,534.95
01-Oct-13	81,651,500.00	30,785,510.29	22,122,459.13	3,683,295.68	34,468,805.97
09-Oct-13	31.96	12.05	8.66	1.44	13.49
01-Dec-13	7,439,462.50	2,804,941.11	2,015,629.90	335,593.84	3,140,534.95
01-Jun-14	7,437,993.00	2,804,387.06	2,015,231.76	335,527.55	3,139,914.61
01-Dec-14	307,440,932.00	115,916,131.05	83,297,299.55	13,868,647.32	129,784,778.38
	\$509,155,355.73	\$191,969,620.17	\$137,949,315.68	\$22,967,976.37	\$214,937,596.54

EXHIBIT B-1

**THE COMMONWEALTH OF MASSACHUSETTS
GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS), 2012 SERIES A
GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)**

**TRANSFER PERCENTAGES
AS OF JANUARY 24, 2012**

Date	Issue	Principal Outstanding	Principal Retired	Transfer Percentages
01-Feb-12	2010A	\$388,120,000.00	\$146,335,000.00	37.703545%
01-Feb-12	2011A	146,280,000.00	24,355,000.00	16.649576%
			<u>\$170,690,000.00</u>	

THE COMMONWEALTH OF MASSACHUSETTS

Notice of Redemption To the Holders of

The Commonwealth of Massachusetts
General Obligation Refunding Bonds
(Variable Rate Demand Bonds), 1998 Series A
Dated: September 17, 1998

NOTICE IS HEREBY GIVEN by The Commonwealth of Massachusetts (the "Commonwealth") that, pursuant to the applicable provisions of the above-captioned bonds (the "Bonds"), the Bonds will be redeemed on February 8, 2012 (the "Redemption Date"). On the Redemption Date, the Bonds will become due and payable at the redemption price of 100% of the principal amount redeemed (the "Redemption Price") plus accrued interest to the Redemption Date. From and after the Redemption Date, interest on the Bonds shall cease to accrue.

The following Bonds will be redeemed:

CUSIP Number: 575827SF8

Due: September 1, 2016

Redemption Price: 100%

Principal Amount of Redemption: \$191,195,000

Payment of the Redemption Price on Bonds to be redeemed and interest accrued to the Redemption Date will be made upon presentation and surrender of said Bonds on or after February 8, 2012 at the Office of the Treasurer and Receiver-General at the following address:

Office of Treasurer and Receiver-General
The Commonwealth of Massachusetts
One Ashburton Place, 12th Floor
Boston, MA 02110

THE COMMONWEALTH OF MASSACHUSETTS

By: Treasurer and Receiver-General

Dated: January 24, 2012

Bondholders are advised that the Commonwealth may be required to withhold 28% of the Redemption Price payable to Bondholders who have not furnished their tax identification numbers. Accordingly, each Bondholder who has not already done so is urged to forward an executed Form W-9 with his/her bond in order to receive full payment.

The CUSIP number is included solely for the convenience of the Bondholders. The Commonwealth shall not be responsible for the selection or the use of the CUSIP number, nor is any representation made as to their correctness on the securities or as indicated in any redemption notice.

The Commonwealth of Massachusetts

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

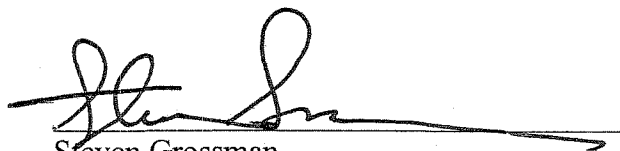
\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Cross Receipt

I, the undersigned, Treasurer and Receiver-General of The Commonwealth of Massachusetts, hereby acknowledge that I have this day received the sum of \$461,622,826.50 from Citigroup Global Markets Inc., as Representative of the Underwriters named in the Bond Purchase Agreement dated January 18, 2012, in full payment for the above-referenced bonds (together, the "Bonds"). Such sum has been computed as follows:

Aggregate Principal Amount of Bonds	\$462,850,000.00
Less Underwriters' Discount	<u>(1,227,173.50)</u>
Purchase Price of the Bonds	\$461,622,826.50
Net Proceeds to the Commonwealth	<u>\$461,622,826.50</u>

Dated: January 24, 2012

A handwritten signature in black ink, appearing to read 'Steven Grossman', written over a horizontal line.

Steven Grossman
Treasurer and Receiver-General
of The Commonwealth of Massachusetts

Signature Page to Cross Receipt

The undersigned, as Representative of the Underwriters, hereby acknowledges on behalf of the Underwriters receipt on this day of four (4) certificates consisting of the General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A, numbered RA-1 through RA-4, each registered in the name of Cede & Co., and five (5) certificates consisting of the General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds), numbered RA-1 through RA-5, each registered in the name of Cede & Co.

CITIGROUP GLOBAL MARKETS INC.

By: Thomas H. Sheen
Title: Managing Director

Dated January 24, 2012

RA-1

\$65,205,000

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Bonds

Consolidated Loan of 2012, Series A

(SIFMA Index Bonds)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATED DATE</u>
SIFMA Rate - 0.03% (Adjusted SIFMA Rate, as defined herein)	September 1, 2012	57582PE55	January 24, 2012

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIXTY-FIVE MILLION TWO HUNDRED FIVE THOUSAND DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of TWO HUNDRED NINETY-ONE MILLION SEVEN HUNDRED FIVE THOUSAND DOLLARS (\$291,705,000).

RA-2

\$31,125,000

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Bonds

Consolidated Loan of 2012, Series A

(SIFMA Index Bonds)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATED DATE</u>
SIFMA Rate + 0.13% (Adjusted SIFMA Rate, as defined herein)	September 1, 2013	57582P E63	January 24, 2012

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THIRTY-ONE MILLION ONE HUNDRED TWENTY-FIVE
THOUSAND DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of TWO HUNDRED NINETY-ONE MILLION SEVEN HUNDRED FIVE THOUSAND DOLLARS (\$291,705,000).

RA-3

\$77,615,000

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Bonds

Consolidated Loan of 2012, Series A

(SIFMA Index Bonds)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATED DATE</u>
SIFMA Rate + 0.38% (Adjusted SIFMA Rate, as defined herein)	September 1, 2014	57582P E71	January 24, 2012

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVENTY-SEVEN MILLION SIX HUNDRED FIFTEEN
THOUSAND DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of TWO HUNDRED NINETY-ONE MILLION SEVEN HUNDRED FIVE THOUSAND DOLLARS (\$291,705,000).

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Bonds

Consolidated Loan of 2012, Series A

(SIFMA Index Bonds)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATED DATE</u>
SIFMA Rate + 0.45% (Adjusted SIFMA Rate, as defined herein)	September 1, 2015	57582P E89	January 24, 2012

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINETY-SEVEN MILLION ONE HUNDRED SIXTY-FIVE
THOUSAND DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of TWO HUNDRED NINETY-ONE MILLION SEVEN HUNDRED FIVE THOUSAND DOLLARS (\$291,705,000).

RA-5

\$20,595,000

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Bonds

Consolidated Loan of 2012, Series A

(SIFMA Index Bonds)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATED DATE</u>
SIFMA Rate + 0.52% (Adjusted SIFMA Rate, as defined herein)	September 1, 2016	57582P E97	January 24, 2012

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY MILLION FIVE HUNDRED NINETY-FIVE
THOUSAND DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of TWO HUNDRED NINETY-ONE MILLION SEVEN HUNDRED FIVE THOUSAND DOLLARS (\$291,705,000).

Except as otherwise defined herein all terms shall have the meanings ascribed to them in Appendix I attached hereto, and the determination of the Adjusted SIFMA Rate, the definitions (except as otherwise specifically defined herein) and other terms and provisions of the Bonds shall be as provided in Appendix I attached hereto, the terms of which are hereby incorporated by reference into this Bond.

The Bonds are being issued by means of a book-entry-only system, with bond certificates immobilized at The Depository Trust Company, New York, New York ("DTC"), as provided in Appendix I attached hereto.

The Bonds are subject to optional redemption as described in Appendix I hereto.

Any Bonds subject to partial optional redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the Commonwealth. If less than all the Bonds of a maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot (provided that so long as the Bonds shall remain immobilized at DTC, such Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a Bond will be considered a separate Bond.

The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer and Receiver-General delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default hereunder. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds shall, on the redemption date, become due and payable at the redemption price specified in Appendix I hereto, and from and after such date, such Bonds shall cease to bear interest.

The REGISTERED OWNER of this bond may be treated as its owner for all purposes.

This Bond is transferable only upon the books of the Commonwealth, which shall be kept for such purpose at the Office of the Treasurer and Receiver-General, Boston, Massachusetts, but only in a manner which will maintain immobilization of bond certificates at one or more securities depositories. This Bond may not be transferred or exchanged in a manner which would involve the delivery of bond certificates to the beneficial owners of Bonds unless the book-entry system has been discontinued by the Commonwealth in accordance with the terms of this Bond, in which case replacement Bonds may be issued in accordance with law and such procedures as the Treasurer and Receiver-General of the Commonwealth shall deem appropriate.

No personal responsibility or accountability shall attach to any person executing this Bond by reason of such execution or the issuance hereof.

This Bond is issued by authority of Section 49 of Chapter 29 of the Massachusetts General Laws, pursuant to which portions of certain loans have been consolidated, and Section 53A of Chapter 29 of the Massachusetts General Laws, as amended.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby covenants with the owners of the Bonds that the Commonwealth will comply with such requirements of the Internal Revenue Code of 1986, as amended, as must be satisfied in order to assure that interest on the Bonds is and continues to be excludable from the gross income of such owners for federal income tax purposes.

In connection with the offering of the Bonds, the Commonwealth covenants to comply with the terms of the continuing disclosure undertaking set forth as Appendix II to this Bond, the terms of which undertaking are hereby incorporated by reference into this Bond.

All acts, formalities and conditions essential to the validity hereof have been performed and complied with. This Bond constitutes a general obligation of the Commonwealth and the full faith and credit of the Commonwealth are pledged to the payment of the principal of and interest on this Bond. It should be noted, however, that Chapter 62F of the Massachusetts General Laws establishes a state tax revenue growth limit and does not exclude principal and interest payment on Commonwealth debt obligations from the scope of the limit, and the provisions of Chapter 29, Section 60B, of the Massachusetts General Laws impose an annual limitation on the percentage of total appropriations that may be expended for payment of interest and principal on general obligation debt of the Commonwealth, including the Bonds.

IN WITNESS WHEREOF, the Commonwealth has caused this bond to be executed in its name and on its behalf by the signature of its Treasurer and Receiver-General and the approval of the Governor of the Commonwealth to be noted hereon by his signature or a facsimile thereof and has caused its official seal or a facsimile thereof to be impressed or otherwise reproduced hereon, all as of the date hereof.

THE COMMONWEALTH OF MASSACHUSETTS



SPECIMEN

Approved By:

By:

A stylized, cursive signature of Deval L. Patrick.

Deval L. Patrick
Governor

A stylized, cursive signature of Steven Grossman.

Steven Grossman
Treasurer and Receiver-General

DEFINITIONS AND PROVISIONS OF THE BONDS

The Commonwealth is entitled to treat the Owner of each Bond (including Cede & Co. or any other nominee of DTC as to any such Bond registered in the name thereof) as the owner of such Bond, for all purposes. The Commonwealth shall not have any duty or responsibility to recognize the beneficial ownership interest of an owner who has acquired such an interest in Bonds registered in the name of Cede & Co. or any other nominee of DTC. The procedures established by DTC for trading, exchanging and registering beneficial ownership interests in Bonds shall be implemented by such persons consistent with the terms of the relevant agreements.

This Appendix I contains definitions and provisions relating to the Bonds.

DEFINITIONS

“Adjusted SIFMA Rate” means the SIFMA Rate (as defined herein), (i) minus 0.03% (3 basis points) for the Bonds maturing on September 1, 2012, (ii) plus 0.13% (13 basis points) for the Bonds maturing on September 1, 2013, (iii) plus 0.38% (38 basis points) for the Bonds maturing on September 1, 2014, (iv) plus 0.45% (45 basis points) for the Bonds maturing on September 1, 2015, and (v) plus 0.52% (52 basis points) for Bonds maturing on September 1, 2016; provided that in no event shall the Adjusted SIFMA Rate be less than zero percent (0.0%).

“Adjustment Date” means Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day

“Bond Register” means the records maintained on behalf of the Commonwealth containing the name and mailing address of each owner of the Bonds or the nominee of such owner, and such other information as the Bond Registrar shall determine.

“Bond Registrar” means, initially, the Commonwealth, or any bank or banks, if any, appointed by the Commonwealth for the purposes of registering the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Business Day” means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

“Calculation Agent” means, initially, the Commonwealth, and thereafter any other Calculation Agent designated from time to time by the Commonwealth, as provided herein.

“Commonwealth” means The Commonwealth of Massachusetts.

"DTC" means The Depository Trust Company, New York, New York, or any substitute securities depository appointed by the Commonwealth.

"Interest Payment Date" means, with respect to the Bonds, the first Business Day of each month commencing February 1, 2012.

"Maximum Rate" means, with respect to the Bonds, an interest rate per annum equal to the lesser of the maximum rate permitted by law and 12.0%.

"Owner," "Holder," "Bondowner" or "Registered Owner" means the Person in whose name a Bond is registered on the Bond Register.

"Principal Office" means, with respect to any entity performing functions under the Bonds, the principal office of that entity or its affiliate at which those functions are performed.

"Record Date" means the 15th day of the month immediately preceding such Interest Payment Date.

"Representation Letter" means the Blanket Letter of Representations from the Commonwealth to DTC dated May 22, 1995.

"Representative" means Citigroup Global Markets Inc., as the representative of the underwriters of the Bonds.

"SIFMA Rate" means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association ("SIFMA") and is issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the Representative, determines most closely approximates the SIFMA index.

"U.S. Government Securities Business Day" means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close.

In this Appendix I, unless otherwise indicated, (i) defined terms may be used in the singular or the plural, (ii) the use of any gender includes all genders and (iii) the words

“hereof”, “herein”, “hereto”, “hereby” and “hereunder” (except in the form of Bonds) refer to this Bond. References to any time of the day in this Bond shall refer to eastern standard time or eastern daylight saving time, as in effect in the City of Boston, Massachusetts on such day. All references to rating categories established by a Rating Agency shall be without reference to subcategories.

PROVISIONS OF THE BONDS

Interest Rates

Initial Adjusted SIFMA Rate. The initial Adjusted SIFMA Rates applicable to each maturity of the Bonds upon their issuance are determined by the Representative on or prior to the delivery date of the Bonds, with the effective date of January 24, 2012 through and including the next succeeding Adjustment Date.

Adjusted SIFMA Rate. Thereafter, the Adjusted SIFMA Rate will be determined by the Calculation Agent; provided, however the Adjusted SIFMA Rate shall not exceed the Maximum Rate. The Adjusted SIFMA Rate shall adjust on each Adjustment Date, based upon the SIFMA Rate published for such week, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Upon determining the Adjusted SIFMA Rate for a given week, the Calculation Agent (if the Calculation Agent is not then the Commonwealth itself) shall notify the Commonwealth of such rate by electronic mail (e-mail) or by telephone at the notice address provided below or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 P.M. Boston time on the Adjustment Date. Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commonwealth and the Owners of the Bonds. If for any reason the Adjusted SIFMA Rate shall not be established, the Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms hereof.

The Bonds shall bear interest from and including the date of delivery thereof at the Adjusted SIFMA Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date. Each Bond shall bear interest on overdue principal at the then-current rate borne by such Bond.

Optional Redemption

The Bonds maturing on September 1, 2012 are not subject to optional redemption prior to maturity.

The Bonds maturing on September 1, 2013 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after March 1, 2013 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Bonds maturing on September 1, 2014 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after March 1, 2014 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Bonds maturing on September 1, 2015 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after March 1, 2015 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Bonds maturing on September 1, 2016 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after March 1, 2016 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

Book-Entry Bonds

Except as otherwise provided below, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on this Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the Bonds at the address indicated on the Record Date for Cede & Co. in the Bond Register kept by the Commonwealth.

The Bonds are issued in the form of separate single fully registered Bonds in the amount of each separately stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Commonwealth in the name of Cede & Co., as nominee of DTC. For so long as the Bonds are registered in the name of Cede & Co., the Commonwealth shall treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the Commonwealth shall not be affected by any notice to the contrary. The Commonwealth shall have no responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the Bond Register as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC participant; (ii) the payment of DTC or any DTC participant of any amount in

respect of the principal or redemption price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to Bondholders hereunder; (iv) the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as holder of the Bonds. The Commonwealth shall pay all principal of and premium, if any, and interest on the Bonds only to DTC and all such payments shall be valid and effective to fully satisfy and discharge the Commonwealth's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Commonwealth of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Bond certificate shall be deemed to be changed to reflect such new nominee of DTC.

In the event the Treasurer and Receiver-General determines that it is in the best interest of the Commonwealth that the Beneficial Owners be able to obtain Bond certificates, the Commonwealth shall notify DTC, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Commonwealth shall deliver, transfer and exchange Bond certificates, as directed by DTC as the Bondholder, in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Commonwealth and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Commonwealth shall be obligated to deliver Bond certificates as directed by DTC.

Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

Calculation Agent

The Commonwealth shall be the initial Calculation Agent for the Bonds. The Commonwealth may delegate the authority to determine the rate as provided herein to a successor Calculation Agent.

Every successor Calculation Agent appointed pursuant to the provisions hereof shall be, if there be such an institution willing, qualified and able to accept the duties of the Calculation Agent upon customary terms, a bank or trust company or any entity, within or without the Commonwealth, in good standing. Written notice of such appointment shall promptly be given by the Commonwealth to the Owners of the Bonds. Any successor Calculation Agent shall execute and deliver an instrument accepting such appointment and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Calculation Agent, but such predecessor shall nevertheless, on the written request of the Commonwealth, or of the successor, execute and deliver such instruments and do such other things as may reasonably be required to more fully and certainly vest and

confirm in such successor all rights, powers, duties and obligations of such predecessor. If no successor Calculation Agent has accepted appointment in the manner provided above within 60 days after the Calculation Agent has given notice of its resignation or is removed as provided below, the Calculation Agent may petition any court of competent jurisdiction for the appointment of a temporary successor Calculation Agent; provided that any Calculation Agent so appointed shall immediately and without further act be superseded by a Calculation Agent appointed by the Commonwealth as provided above.

If the Calculation Agent is an entity other than the Commonwealth, any corporation or association into which the Calculation Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become the successor Calculation Agent hereunder, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may at any time resign by giving thirty (30) days' notice to the Commonwealth. Such resignation shall not take effect until the appointment as provided herein of a successor Calculation Agent.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may be removed at any time by an instrument in writing delivered to the Calculation Agent by the Commonwealth. In no event, however, shall any removal of the Calculation Agent take effect until a successor Calculation Agent shall have been appointed by the Commonwealth and such appointment accepted by such successor Calculation Agent or the Commonwealth shall have determined to act as the Calculation Agent, which determination shall be evidenced by written notice delivered to the Owners of the Bonds.

In case the Calculation Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting as Calculation Agent or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Commonwealth as provided above.

Notices

All notices hereunder shall be delivered to the Commonwealth as follows:

The Commonwealth of Massachusetts
Office of the State Treasurer and Receiver-General
c/o Debt Management Department
One Ashburton Place, 12th Floor
Boston, MA 02108-1608
Phone: (617) 367-9333
fax: (617) 227-1773

The Commonwealth of Massachusetts

\$171,145,000
 GENERAL OBLIGATION REFUNDING BONDS
 (SIFMA INDEX BONDS)
 2012 SERIES A
 \$291,705,000
 GENERAL OBLIGATION BONDS
 CONSOLIDATED LOAN OF 2012, SERIES A
 (SIFMA INDEX BONDS)

Continuing Disclosure Undertaking

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2012, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth's failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth's Information Statement dated March 15, 2011 (the "Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A, which Official Statement has been filed with EMMA, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	"COMMONWEALTH REVENUE AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures"
2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	"SELECTED FINANCIAL DATA – GAAP Basis"
3. Summary presentation on a five-year comparative basis of lottery revenues and profits	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Lottery Revenues</i> "
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Tobacco Settlement</i> "

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	"COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues"
6. Summary description of the retirement systems for which the Commonwealth is responsible, including membership and contribution rates.	"PENSION AND OPEB FUNDING – Retirement Systems" and "PENSION AND OPEB FUNDING – Employee Contributions."
7. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	"PENSION AND OPEB FUNDING – Funding Schedule."
8. Summary presentation on a five-year comparative basis of actuarial valuations of pension fund assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Actuarial Valuations."
9. Summary presentation on a five-year comparative basis of annual required pension contributions under GAAP and pension contributions made.	"PENSION AND OPEB FUNDING – Annual Required Contributions."
10. Summary presentation on a five-year comparative basis of PRIT Fund asset allocation and investment returns.	"PENSION AND OPEB FUNDING – PRIT Fund Investments."
11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Other Post-Retirement Employee Benefit Obligations (OPEB)."
12. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	"STATE WORKFORCE"
13. Five-year summary presentation of actual capital project expenditures	"COMMONWEALTH CAPITAL INVESTMENT PLAN"
14. Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – General and Special Obligation Long-Term Debt Issuance and Repayment Analysis"
15. Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – Outstanding Long Term Commonwealth Debt"
16. Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Debt Service Requirements"

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
17. Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year	"LONG-TERM LIABILITIES – General Obligation Contract Assistance Liabilities"
18. Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Budgetary Contract Assistance Liabilities"
19. Five-year summary presentation of authorized but unissued general obligation debt	"LONG-TERM LIABILITIES – Authorized But Unissued Debt"
20. So long as Commonwealth statutes impose a limit on the amount of outstanding "direct" bonds, information as to compliance therewith as of the end of the prior fiscal year	"LONG-TERM LIABILITIES – General Authority to Borrow; <i>Statutory Limit on Direct Debt</i> "
21. Summary presentation of the then-current Commonwealth interest rate swap agreements	"LONG-TERM LIABILITIES – Interest Rate Swaps"
22. Summary presentation of the then-current, Commonwealth liquidity facilities	"LONG-TERM LIABILITIES – Liquidity Facilities"

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Commonwealth, which have been submitted to EMMA. The Commonwealth's annual financial statements for each fiscal year shall consist of (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the Massachusetts General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with generally accepted accounting principles in effect from time to time and shall be audited by a firm of certified public accountants appointed by the Commonwealth.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;^{1/}
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

^{1/}Not applicable to the Bonds, since there is no debt service reserve fund securing the Bonds.

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;^{2/}
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;^{3/}
- (xiv) the consummation of a merger, consolidation, or acquisition, or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.^{4/}

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid, provided; however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule

^{2/}Not applicable to the Bonds, since there is no property securing repayment of the Bonds that could be released, substituted or sold.

^{3/} As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

^{4/} Not applicable to the Bonds.

concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this Bond relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation establishing a state information depository or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

SPECIMEN

RA-1

\$35,000,000

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Refunding Bonds

(SIFMA Index Bonds)

2012 Series A

(MA-2012-A Ref)

**INTEREST
RATE**

**MATURITY
DATE**

CUSIP

DATED DATE

SIFMA Rate - 0.02%
(Adjusted SIFMA Rate,
as defined herein)

February 1, 2013

57582P D98

January 24, 2012

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THIRTY-FIVE MILLION DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of ONE HUNDRED SEVENTY-ONE MILLION ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$171,145,000).

RA-2

\$35,000,000

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Refunding Bonds

(SIFMA Index Bonds)

2012 Series A

(MA-2012-A Ref)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATED DATE</u>
SIFMA Rate + 0.25% (Adjusted SIFMA Rate, as defined herein)	February 1, 2014	57582P E22	January 24, 2012

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THIRTY-FIVE MILLION DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of ONE HUNDRED SEVENTY-ONE MILLION ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$171,145,000).

RA-3

\$35,000,000

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Refunding Bonds

(SIFMA Index Bonds)

2012 Series A

(MA-2012-A Ref)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATED DATE</u>
SIFMA Rate + 0.40% (Adjusted SIFMA Rate, as defined herein)	February 1, 2015	57582P E30	January 24, 2012

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THIRTY-FIVE MILLION DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of ONE HUNDRED SEVENTY-ONE MILLION ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$171,145,000).

THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Refunding Bonds

(SIFMA Index Bonds)

2012 Series A

(MA-2012-A Ref)

INTEREST
RATEMATURITY
DATECUSIPDATED DATESIFMA Rate + 0.48%
(Adjusted SIFMA Rate,
as defined herein)

February 1, 2016

57582P E48

January 24, 2012

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIXTY-SIX MILLION ONE HUNDRED FORTY-FIVE
THOUSAND DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATED DATE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATED DATE (the "Bonds") in the aggregate par amount of ONE HUNDRED SEVENTY-ONE MILLION ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$171,145,000).

Except as otherwise defined herein all terms shall have the meanings ascribed to them in Appendix I attached hereto, and the determination of the Adjusted SIFMA Rate, the definitions (except as otherwise specifically defined herein) and other terms and provisions of the Bonds shall be as provided in Appendix I attached hereto, the terms of which are hereby incorporated by reference into this Bond.

The Bonds are being issued by means of a book-entry-only system, with bond certificates immobilized at The Depository Trust Company, New York, New York ("DTC"), as provided in Appendix I attached hereto.

The Bonds are subject to optional redemption as described in Appendix I hereto.

Any Bonds subject to partial optional redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the Commonwealth. If less than all the Bonds of a maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot (provided that so long as the Bonds shall remain immobilized at DTC, such Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a Bond will be considered a separate Bond.

The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer and Receiver-General delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default hereunder. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds shall, on the redemption date, become due and payable at the redemption price specified in Appendix I hereto, and from and after such date, such Bonds shall cease to bear interest.

The REGISTERED OWNER of this bond may be treated as its owner for all purposes.

This Bond is transferable only upon the books of the Commonwealth, which shall be kept for such purpose at the Office of the Treasurer and Receiver-General, Boston, Massachusetts, but only in a manner which will maintain immobilization of bond certificates at one or more securities depositories. This Bond may not be transferred or exchanged in a manner which would involve the delivery of bond certificates to the beneficial owners of Bonds unless the book-entry system has been discontinued by the Commonwealth in accordance with the terms of this Bond, in which case replacement Bonds may be issued in accordance with law and such procedures as the Treasurer and Receiver-General of the Commonwealth shall deem appropriate.

No personal responsibility or accountability shall attach to any person executing this Bond by reason of such execution or the issuance hereof.

This Bond is issued by authority of Section 53A of Chapter 29 of the Massachusetts General Laws, pursuant to which certain bonds previously issued by the Commonwealth will be refunded.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby covenants with the owners of the Bonds that the Commonwealth will comply with such requirements of the Internal Revenue Code of 1986, as amended, as must be satisfied in order to assure that interest on the Bonds is and continues to be excludable from the gross income of such owners for federal income tax purposes.

In connection with the offering of the Bonds the Commonwealth covenants to comply with the terms of the continuing disclosure undertaking set forth as Appendix II to this Bond, the terms of which undertaking are hereby incorporated by reference into this Bond.

All acts, formalities and conditions essential to the validity hereof have been performed and complied with. This Bond constitutes a general obligation of the Commonwealth and the full faith and credit of the Commonwealth are pledged to the payment of the principal of and interest on this Bond. It should be noted, however, that Chapter 62F of the Massachusetts General Laws establishes a state tax revenue growth limit and does not exclude principal and interest payment on Commonwealth debt obligations from the scope of the limit, and the provisions of Chapter 29, Section 60B, of the Massachusetts General Laws impose an annual limitation on the percentage of total appropriations that may be expended for payment of interest and principal on general obligation debt of the Commonwealth, including the Bonds.

IN WITNESS WHEREOF, the Commonwealth has caused this bond to be executed in its name and on its behalf by the signature of its Treasurer and Receiver-General and the approval of the Governor of the Commonwealth to be noted hereon by his signature or a facsimile thereof and has caused its official seal or a facsimile thereof to be impressed or otherwise reproduced hereon, all as of the date hereof.

THE COMMONWEALTH OF MASSACHUSETTS



SPECIMEN

Approved By:

By:

A stylized, handwritten signature of Deval L. Patrick in black ink.

Deval L. Patrick
Governor

A stylized, handwritten signature of Steven Grossman in black ink.

Steven Grossman
Treasurer and Receiver-General

DEFINITIONS AND PROVISIONS OF THE BONDS

The Commonwealth is entitled to treat the Owner of each Bond (including Cede & Co. or any other nominee of DTC as to any such Bond registered in the name thereof) as the owner of such Bond, for all purposes. The Commonwealth shall not have any duty or responsibility to recognize the beneficial ownership interest of an owner who has acquired such an interest in Bonds registered in the name of Cede & Co. or any other nominee of DTC. The procedures established by DTC for trading, exchanging and registering beneficial ownership interests in Bonds shall be implemented by such persons consistent with the terms of the relevant agreements.

This Appendix I contains definitions and provisions relating to the Bonds.

DEFINITIONS

“Adjusted SIFMA Rate” means the SIFMA Rate (as defined herein) (i) minus 0.02% (2 basis points) for the Bonds maturing on February 1, 2013, (ii) plus 0.25% (25 basis points) for the Bonds maturing on February 1, 2014, (iii) plus 0.40% (40 basis points) for the Bonds maturing on February 1, 2015, and (iv) plus 0.48% (48 basis points) for the Bonds maturing on February 1, 2016; provided that in no event shall the Adjusted SIFMA Rate be less than zero percent (0.0%).

“Adjustment Date” means Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day

“Bond Register” means the records maintained on behalf of the Commonwealth containing the name and mailing address of each owner of the Bonds or the nominee of such owner, and such other information as the Bond Registrar shall determine.

“Bond Registrar” means, initially, the Commonwealth, or any bank or banks, if any, appointed by the Commonwealth for the purposes of registering the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Business Day” means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

“Calculation Agent” means, initially, the Commonwealth, and thereafter any other Calculation Agent designated from time to time by the Commonwealth, as provided herein.

“Commonwealth” means The Commonwealth of Massachusetts.

"DTC" means The Depository Trust Company, New York, New York, or any substitute securities depository appointed by the Commonwealth.

"Interest Payment Date" means, with respect to the Bonds, the first Business Day of each month commencing February 1, 2012.

"Maximum Rate" means, with respect to the Bonds, an interest rate per annum equal to the lesser of the maximum rate permitted by law and 12.0%.

"Owner," "Holder," "Bondowner" or "Registered Owner" means the Person in whose name a Bond is registered on the Bond Register.

"Principal Office" means, with respect to any entity performing functions under the Bonds, the principal office of that entity or its affiliate at which those functions are performed.

"Record Date" means the 15th day of the month immediately preceding such Interest Payment Date.

"Representation Letter" means the Blanket Letter of Representations from the Commonwealth to DTC dated May 22, 1995.

"Representative" means Citigroup Global Markets Inc., as the representative of the underwriters of the Bonds.

"SIFMA Rate" means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association ("SIFMA") and is issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the Representative, determines most closely approximates the SIFMA index.

"U.S. Government Securities Business Day" means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close.

In this Appendix I, unless otherwise indicated, (i) defined terms may be used in the singular or the plural, (ii) the use of any gender includes all genders and (iii) the words "hereof", "herein", "hereto", "hereby" and "hereunder" (except in the form of Bonds) refer to this Bond. References to any time of the day in this Bond shall refer to eastern standard time

or eastern daylight saving time, as in effect in the City of Boston, Massachusetts on such day. All references to rating categories established by a Rating Agency shall be without reference to subcategories.

PROVISIONS OF THE BONDS

Interest Rates

Initial Adjusted SIFMA Rate. The initial Adjusted SIFMA Rates applicable to each maturity of the Bonds upon their issuance are determined by the Representative on or prior to the delivery date of the Bonds, with the effective date of January 24, 2012 through and including the next succeeding Adjustment Date.

Adjusted SIFMA Rate. Thereafter, the Adjusted SIFMA Rate will be determined by the Calculation Agent; provided, however, the Adjusted SIFMA Rate shall not exceed the Maximum Rate. The Adjusted SIFMA Rate shall adjust on each Adjustment Date, based upon the SIFMA Rate published for such week, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Upon determining the Adjusted SIFMA Rate for a given week, the Calculation Agent (if the Calculation Agent is not then the Commonwealth itself) shall notify the Commonwealth of such rate by electronic mail (e-mail) or by telephone at the notice address provided below or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 P.M. Boston time on the Adjustment Date. Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commonwealth and the Owners of the Bonds. If for any reason the Adjusted SIFMA Rate shall not be established, the Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms hereof.

The Bonds shall bear interest from and including the date of delivery thereof at the Adjusted SIFMA Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date. Each Bond shall bear interest on overdue principal at the then-current rate borne by such Bond.

Optional Redemption

The Bonds maturing on February 1, 2013 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after August 1, 2012 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Bonds maturing on February 1, 2014 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after August 1, 2013 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Bonds maturing on February 1, 2015 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after August 1, 2014 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Bonds maturing on February 1, 2016 are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part at any time on or after August 1, 2015 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

Book-Entry Bonds

Except as otherwise provided below, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on this Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the Bonds at the address indicated on the Record Date for Cede & Co. in the Bond Register kept by the Commonwealth.

The Bonds are issued in the form of separate single fully registered Bonds in the amount of each separately stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Commonwealth in the name of Cede & Co., as nominee of DTC. For so long as the Bonds are registered in the name of Cede & Co., the Commonwealth shall treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the Commonwealth shall not be affected by any notice to the contrary. The Commonwealth shall have no responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the Bond Register as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC participant; (ii) the payment of DTC or any DTC participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to Bondholders hereunder; (iv) the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as holder of the Bonds. The Commonwealth shall pay all principal of and premium, if any, and interest on the Bonds only to DTC and all such payments shall be valid and effective to fully satisfy and discharge the Commonwealth's obligations with respect to the principal of and premium, if any, and interest

on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Commonwealth of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Bond certificate shall be deemed to be changed to reflect such new nominee of DTC.

In the event the Treasurer and Receiver-General determines that it is in the best interest of the Commonwealth that the Beneficial Owners be able to obtain Bond certificates, the Commonwealth shall notify DTC, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Commonwealth shall deliver, transfer and exchange Bond certificates, as directed by DTC as the Bondholder, in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Commonwealth and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository) the Commonwealth shall be obligated to deliver Bond certificates as directed by DTC.

Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

Calculation Agent

The Commonwealth shall be the initial Calculation Agent for the Bonds. The Commonwealth may delegate the authority to determine the rate as provided herein to a successor Calculation Agent.

Every successor Calculation Agent appointed pursuant to the provisions hereof shall be, if there be such an institution willing, qualified and able to accept the duties of the Calculation Agent upon customary terms, a bank or trust company or any entity, within or without the Commonwealth, in good standing. Written notice of such appointment shall promptly be given by the Commonwealth to the Owners of the Bonds. Any successor Calculation Agent shall execute and deliver an instrument accepting such appointment and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Calculation Agent, but such predecessor shall nevertheless, on the written request of the Commonwealth, or of the successor, execute and deliver such instruments and do such other things as may reasonably be required to more fully and certainly vest and confirm in such successor all rights, powers, duties and obligations of such predecessor. If no successor Calculation Agent has accepted appointment in the manner provided above within 60 days after the Calculation Agent has given notice of its resignation or is removed as provided below, the Calculation Agent may petition any court of competent jurisdiction for the appointment of a temporary successor Calculation Agent; provided that any Calculation Agent so appointed shall immediately and without further act be superseded by a Calculation Agent appointed by the Commonwealth as provided above.

If the Calculation Agent is an entity other than the Commonwealth, any corporation or association into which the Calculation Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become the successor Calculation Agent hereunder, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may at any time resign by giving thirty (30) days notice to the Commonwealth. Such resignation shall not take effect until the appointment as provided herein of a successor Calculation Agent.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may be removed at any time by an instrument in writing delivered to the Calculation Agent by the Commonwealth. In no event, however, shall any removal of the Calculation Agent take effect until a successor Calculation Agent shall have been appointed by the Commonwealth and such appointment accepted by such successor Calculation Agent or the Commonwealth shall have determined to act as the Calculation Agent, which determination shall be evidenced by written notice delivered to the Owners of the Bonds.

In case the Calculation Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting as Calculation Agent or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Commonwealth as provided above.

Notices

All notices hereunder shall be delivered to the Commonwealth as follows:

The Commonwealth of Massachusetts
Office of the State Treasurer and Receiver-General
c/o Debt Management Department
One Ashburton Place, 12th Floor
Boston, MA 02108-1608
Phone: (617) 367-9333
fax: (617) 227-1773

The Commonwealth of Massachusetts

\$171,145,000

GENERAL OBLIGATION REFUNDING BONDS
(SIFMA INDEX BONDS)
2012 SERIES A

\$291,705,000

GENERAL OBLIGATION BONDS
CONSOLIDATED LOAN OF 2012, SERIES A
(SIFMA INDEX BONDS)

Continuing Disclosure Undertaking

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2012, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth's failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth's Information Statement dated March 15, 2011 (the "Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A, which Official Statement has been filed with EMMA, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	"COMMONWEALTH REVENUE AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures"
2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	"SELECTED FINANCIAL DATA – GAAP Basis"
3. Summary presentation on a five-year comparative basis of lottery revenues and profits	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Lottery Revenues</i> "
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Tobacco Settlement</i> "

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	"COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues"
6. Summary description of the retirement systems for which the Commonwealth is responsible, including membership and contribution rates.	"PENSION AND OPEB FUNDING – Retirement Systems" and "PENSION AND OPEB FUNDING – Employee Contributions."
7. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	"PENSION AND OPEB FUNDING – Funding Schedule."
8. Summary presentation on a five-year comparative basis of actuarial valuations of pension fund assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Actuarial Valuations."
9. Summary presentation on a five-year comparative basis of annual required pension contributions under GAAP and pension contributions made.	"PENSION AND OPEB FUNDING – Annual Required Contributions."
10. Summary presentation on a five-year comparative basis of PRIT Fund asset allocation and investment returns.	"PENSION AND OPEB FUNDING – PRIT Fund Investments."
11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress.	"PENSION AND OPEB FUNDING – Other Post-Retirement Employee Benefit Obligations (OPEB)."
12. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	"STATE WORKFORCE"
13. Five-year summary presentation of actual capital project expenditures	"COMMONWEALTH CAPITAL INVESTMENT PLAN"
14. Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – General and Special Obligation Long-Term Debt Issuance and Repayment Analysis"
15. Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year	"LONG-TERM LIABILITIES – Outstanding Long Term Commonwealth Debt"
16. Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Debt Service Requirements"

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
17. Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year	"LONG-TERM LIABILITIES – General Obligation Contract Assistance Liabilities"
18. Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	"LONG-TERM LIABILITIES – Budgetary Contract Assistance Liabilities"
19. Five-year summary presentation of authorized but unissued general obligation debt	"LONG-TERM LIABILITIES – Authorized But Unissued Debt"
20. So long as Commonwealth statutes impose a limit on the amount of outstanding "direct" bonds, information as to compliance therewith as of the end of the prior fiscal year	"LONG-TERM LIABILITIES – General Authority to Borrow; <i>Statutory Limit on Direct Debt</i> "
21. Summary presentation of the then-current Commonwealth interest rate swap agreements	"LONG-TERM LIABILITIES – Interest Rate Swaps"
22. Summary presentation of the then-current Commonwealth liquidity facilities	"LONG-TERM LIABILITIES – Liquidity Facilities"

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Commonwealth, which have been submitted to EMMA. The Commonwealth's annual financial statements for each fiscal year shall consist of (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the Massachusetts General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with generally accepted accounting principles in effect from time to time and shall be audited by a firm of certified public accountants appointed by the Commonwealth.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;^{1/}
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

^{1/}Not applicable to the Bonds, since there is no debt service reserve fund securing the Bonds.

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;^{2/}
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;^{3/}
- (xiv) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.^{4/}

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid, provided; however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule

^{2/}Not applicable to the Bonds, since there is no property securing repayment of the Bonds that could be released, substituted or sold.

^{3/}As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

^{4/}Not applicable to the Bonds.

concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this Bond relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation establishing a state information depository or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

January 24, 2012

The Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

\$291,705,000
The Commonwealth of Massachusetts
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.
2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes.

The Honorable Steven Grossman
January 24, 2012
Page 2

The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.



EDWARDS WILDMAN PALMER LLP

January 24, 2012

The Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

\$171,145,000
The Commonwealth of Massachusetts
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to



The Honorable Steven Grossman
January 24, 2012
Page 2

become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.


EDWARDS WILDMAN PALMER LLP



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

January 24, 2012

Citigroup Global Markets Inc.,
as the Representative of the Underwriters
named in the Bond Purchase Agreement
dated January 18, 2012
Two International Place
Boston, Massachusetts 02110

We are delivering to you herewith our opinions dated this day and addressed to the Treasurer and Receiver-General of The Commonwealth of Massachusetts approving the issue by The Commonwealth of Massachusetts of its \$171,145,000 General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A, and \$291,705,000 General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds). You may rely on such opinions the same as if they were addressed to you.


EDWARDS WILDMAN PALMER LLP

January 24, 2012

The Honorable Steven Grossman
Treasurer and Receiver-General
State House - Room 227
Boston, Massachusetts 02133

The Honorable Jay Gonzalez
Secretary for the Executive Office of
Administration and Finance
State House - Room 373
Boston, Massachusetts 02133

Citigroup Global Markets Inc.,
as Representative of the Underwriters
Two International Place
Boston, Massachusetts 02110

We have acted as Bond Counsel with respect to the issue by The Commonwealth of Massachusetts (the "Commonwealth") of its \$171,145,000 General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A, and \$291,705,000 General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds), each dated January 24, 2012 (together, the "Bonds"), which are being issued on the date hereof. In that capacity we have examined the law, a certified copy of proceedings and other papers relating to the authorization and issuance of the Bonds, including the Bond Purchase Agreement dated January 18, 2012 (the "Bond Purchase Agreement"), between Citigroup Global Markets Inc., as Representative of the Underwriters (the "Underwriters"), and the Commonwealth, the Preliminary Official Statement of the Commonwealth dated January 13, 2012 relating to the Bonds (the "Preliminary Official Statement") and the Official Statement of the Commonwealth dated January 18, 2012 relating to the Bonds (the "Official Statement"). This opinion is rendered pursuant to paragraph 8(e)(5) of the Bond Purchase Agreement. Capitalized terms not otherwise defined herein are used as defined in the Bond Purchase Agreement.

Based on the foregoing and upon such other investigations as we have deemed necessary, we are of opinion that:

- (1) The Bond Purchase Agreement has been duly authorized, executed and delivered by the Commonwealth and, assuming due authorization, execution and delivery of the Bond Purchase Agreement by the Underwriters, constitutes a legal, valid and binding obligation of the Commonwealth enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the



The Honorable Steven Grossman *et al.*

January 24, 2012

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extent constitutionally applicable and subject to the exercise of judicial discretion in appropriate cases.

- (2) The Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended, and it is not necessary in connection with the sale of the Bonds to the public to register any security under the Securities Act of 1933, as amended, or to qualify any indenture under the Trust Indenture Act of 1939, as amended.

We express no opinion with respect to the registration requirements of the securities laws of any state or other jurisdiction other than as stated in the foregoing paragraph (2).

We have also participated as Bond Counsel in the preparation of the Preliminary Official Statement and the Official Statement and based upon that participation, we are of opinion that the information contained in the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date hereof, under the headings "The Bonds" and "Security for the Bonds" and in the form of the Bond Counsel opinion, insofar as such information constitutes summaries of certain provisions of the Bonds and applicable Massachusetts law, presents, as of such dates, a fair summary of such provisions and that the statements in the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date hereof, under the caption "Tax Exemption" and in the summary tax opinion contained on the covers of the Preliminary Official Statement and the Official Statement, insofar as such statements purport to summarize certain provisions of the Internal Revenue Code of 1986, as amended, or purport to summarize our opinion regarding the Bonds, are correct in all material respects.

We have not undertaken to determine independently the accuracy or completeness of the information contained in the Preliminary Official Statement and the Official Statement except for the information referred to above and are not passing upon or assuming any responsibility for such accuracy or completeness. However, based upon our examination of the proceedings of the Commonwealth in connection with our opinion as to the validity of the Bonds and our participation in the preparation of the Preliminary Official Statement and the Official Statement as Bond Counsel, nothing has come to our attention which would lead us to believe that the Preliminary Official Statement, as of its date, or the Official Statement, as of its date or the date hereof (except for the financial and statistical data included therein, the initial public offering prices or yields of the Bonds on the inside front cover page of the Official Statement, the information contained therein under the headings "Book-Entry-Only System," "Ratings," "Underwriting" and in any other document specifically referenced therein, including Appendices A and C to the Preliminary Official Statement and Appendices A and C to the Official Statement, and the information in the Information Statement and the exhibits to the Information Statement, and references to such information in the Preliminary Official Statement or the Official Statement, as to all of which we express no opinion), contained or contains any untrue



The Honorable Steven Grossman *et al.*

January 24, 2012

Page 3

statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

A handwritten signature in cursive script that reads "Edwards Wildman Palmer LLP".

EDWARDS WILDMAN PALMER LLP

January 24, 2012

Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House, Room 227
Boston, MA 02133

Citigroup Global Markets Inc.,
as Representative of the Underwriters
Two International Place
Boston, Massachusetts 02110

Honorable Jay Gonzalez
Secretary of Administration and Finance
The Commonwealth of Massachusetts
State House, Room 373
Boston, MA 02133

We have acted as special disclosure counsel to The Commonwealth of Massachusetts (the "Commonwealth") with respect to the preparation of the Commonwealth's Information Statement dated March 11, 2011, as supplemented by the Commonwealth Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "Information Statement"). This opinion is rendered pursuant to paragraph 8(e)(6) of the Bond Purchase Agreement dated January 18, 2012 (the "Bond Purchase Agreement") relating to the Commonwealth's General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Bonds"), and capitalized terms not otherwise defined herein are used herein as defined in said Bond Purchase Agreement.

In our capacity as special disclosure counsel, we have participated in the preparation of the Information Statement, including participation in conferences with representatives of the Commonwealth at which the contents of the Information Statement and related matters were discussed and reviewed, and we have examined originals or copies certified or otherwise identified to our satisfaction of the letters, certificates and opinions of even date herewith provided to the Commonwealth pursuant to the Bond Purchase Agreement, certain letters and certificates delivered to the Treasurer and Receiver-General and Secretary of Administration and Finance of the Commonwealth relating to the Information Statement and various other documents, records and instruments which we have deemed appropriate.

We have made such examination of Massachusetts and federal law as we have deemed relevant for purposes of this opinion. In rendering our opinion in clause (ii) below, we have assumed, in reliance upon the approving opinion of Edwards Wildman Palmer LLP, bond counsel to the Commonwealth, that the indebtedness evidenced by the Bonds and all of the provisions of the Bonds other than the Undertaking have been duly authorized and are legal and valid general obligations of the Commonwealth.

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

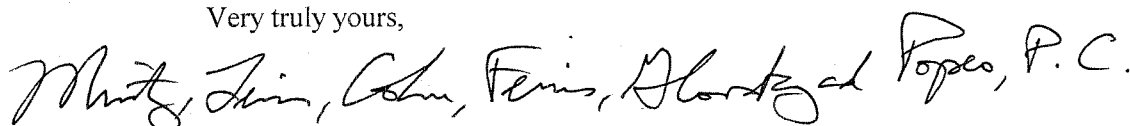
Hon. Steven Grossman
Hon. Jay Gonzalez
Citigroup Global Markets Inc.
January 24, 2012
Page 2

Based upon our examination as aforesaid we are of the opinion that the continuing disclosure undertaking included in the form of the Bonds (i) complies as to form in all material respects with the requirements of Rule 15c2-12 and (ii) constitutes a valid and binding obligation of the Commonwealth.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Information Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements contained therein. We do advise you, however, that in the course of our examination and participation in the preparation of the Information Statement as described above, no facts have come to our attention that have led us to believe that the Information Statement, as of its date or as of the date hereof (except for the financial and statistical data included in the Information Statement, the information contained in the exhibits to the Information Statement and references to such information in the Information Statement, as to all of which we express no opinion) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This letter is furnished by us as special disclosure counsel to the Commonwealth solely for the benefit of the parties addressed and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Bonds, except that reference to this letter may be made in any list of closing documents pertaining to the Bonds.

Very truly yours,

A handwritten signature in cursive script that reads "Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.".

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

NIXON PEABODY^{LLP}
ATTORNEYS AT LAW

100 Summer Street
Boston, Massachusetts 02110
(617) 345-1000
Fax: (617) 345-1300

January 24, 2012

Citigroup Global Markets Inc.
as representative of the Underwriters
Two International Place
Boston, Massachusetts 02110

RE: \$171,145,000 The Commonwealth of Massachusetts
General Obligation Refunding Bonds (SIFMA Index Bonds)
2012 Series A

\$291,705,000 The Commonwealth of Massachusetts
General Obligation Bonds, Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Ladies and Gentlemen:

We have acted as counsel to you as representative of the underwriters identified in the hereinafter defined Purchase Agreement (the "Underwriters"), in connection with the purchase by the Underwriters from The Commonwealth of Massachusetts (the "Commonwealth") of its \$171,145,000 General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "Bonds"), pursuant to a Bond Purchase Agreement, dated January 18, 2012 (the "Purchase Agreement"), by and between the Underwriters and the Commonwealth. This opinion is being delivered pursuant to Section 8(e)(7) of the Purchase Agreement. Terms not otherwise defined herein are used with the meanings set forth in the Purchase Agreement.

We have, as counsel to the Underwriters, examined the following documents:

- (a) the legal opinion of Edwards Wildman Palmer LLP ("Bond Counsel"), delivered to you pursuant to Section 8(e)(4) of the Purchase Agreement;
- (b) the supplemental opinion of Bond Counsel, delivered to you pursuant to Section 8(e)(5) of the Purchase Agreement;
- (c) the legal opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., disclosure counsel, delivered to you pursuant to Section 8(e)(6) of the Purchase Agreement

(d) the Preliminary Official Statement of the Commonwealth relating to the Bonds, dated January 13, 2012 (the "Preliminary Official Statement");

(e) the Official Statement of the Commonwealth relating to the Bonds, dated January 18, 2012 (the "Official Statement"); and

(f) the Purchase Agreement.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, legal opinions, instruments or records, including a transcript of the proceedings of the Commonwealth relating to the issuance and sale of the Bonds, and have made such investigation of law as we have considered necessary or appropriate for the purpose of this opinion.

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in, the preparation of the Preliminary Official Statement and the Official Statement and the issuance and sale of the Bonds. Rendering such assistance involved, among other things, discussions and inquiries covering various legal and related subjects, and the review of and reports on certain documents and proceedings. We also participated in conferences with your representatives and those of the Commonwealth and certain of its agencies, bond counsel and disclosure counsel, during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed.

The limitations inherent in the independent verification of factual matters and the character of determination involved in the preparation of the Preliminary Official Statement and the Official Statement are such, however, that we have necessarily assumed the accuracy, completeness and fairness of, and take no responsibility for, any of the statements made in the Preliminary Official Statement and the Official Statement. Also, we do not express any opinion or belief as to the financial and statistical information contained in the Preliminary Official Statement and the Official Statement. We have also assumed, but have not independently verified, that the signatures on all documents and certificates that we examined are genuine.

On the basis of the foregoing, and having regard to legal questions that we deem relevant, we are of the opinion that:

(i) the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary in connection with the sale of the Bonds to the public to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act; and

(ii) based upon our participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel to the Underwriters, which participation and review was not intended to enable us to pass upon the accuracy or completeness of the

Citigroup Global Markets Inc.
as representative of the Underwriters
January 24, 2012
Page 3 of 3

statements contained in the Preliminary Official Statement or the Official Statement and although we are not passing upon and do not assume any responsibility for the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement (and except for the financial and statistical data included therein, the statements and information contained on the cover and inside pages thereof, including the sections comprising the summary tax opinion of bond counsel and the initial public offering prices or yields of the Bonds, and the information contained under the headings "BOOK-ENTRY-ONLY SYSTEM," "UNDERWRITING," "RATINGS" and "TAX EXEMPTION," and the information in the Information Statement and in the exhibits to the Information Statement and in the appendices to the Preliminary Official Statement and Official Statement, as to which we express no opinion), no facts have come to our attention which would lead us to believe that the Preliminary Official Statement, as of the date thereof, or the Official Statement, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

As counsel to the Underwriters, we are furnishing this opinion to you, solely for your benefit as representative of the Underwriters. This opinion is not to be used, circulated, quoted or otherwise referred to or relied upon, in whole or in part, for any other purpose or by any other party except that reference may be made to this opinion in any list of closing documents pertaining to the issuance and sale of the Bonds.

Respectfully submitted,

Nixon Peabody LLP



Blanket Issuer Letter of Representations

(To be Completed by Issuer)

The Commonwealth of Massachusetts
(Name of Issuer)

May 22, 1995
(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
35 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

The Commonwealth of Massachusetts

By: Joseph D. Malone
(Authorized Officer's Signature)

Joseph D. Malone,
Treasurer and Receiver-General

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: James E. Greaney

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting AuthorityIf Amended Return, check here ► ☐

1 Issuer's name The Commonwealth of Massachusetts		2 Issuer's employer identification number (EIN) 04-6002284	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) c/o Treasurer and Receiver General, State House	Room/suite 227	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Boston, Massachusetts 02133		7 Date of issue January 24, 2012	
8 Name of issue General Obligation Refunding Bonds (SIFMA Index Bonds), 2012		9 CUSIP number 57582P E97	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Colin MacNaught, Assistant Treasurer		10b Telephone number of officer or other employee shown on 10a 617/367-3900	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	
18	Other. Describe ► various capital projects	18	462,850,000
19	If obligations are TANs or RANs, check only box 19a		
	If obligations are BANs, check only box 19b		
20	If obligations are in the form of a lease or installment sale, check box		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	09/01/2016	\$ 462,850,000	\$ 462,850,000	2.6228 years	VR%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest	22	0
23	Issue price of entire issue (enter amount from line 21, column (b))	23	462,850,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	1,227,174
25	Proceeds used for credit enhancement	25	0
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0
27	Proceeds used to currently refund prior issues	27	361,888,684
28	Proceeds used to advance refund prior issues	28	0
29	Total (add lines 24 through 28)	29	363,115,858
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	99,734,142

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded	0.8383	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded		years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	02/08/2012	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	09/17/1998; 03/19/2010; 02/15/2011	

For Paperwork Reduction Act Notice, see separate instructions.

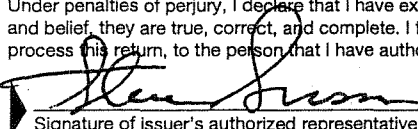
Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) **35** 0
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) **36a** 0
- b** Enter the final maturity date of the GIC ▶ _____
- c** Enter the name of the GIC provider ▶ _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units **37** 0
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the following information:
- b** Enter the date of the master pool obligation ▶ _____
- c** Enter the EIN of the issuer of the master pool obligation ▶ _____
- d** Enter the name of the issuer of the master pool obligation ▶ _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ☐
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ☐
- 41a** If the issuer has identified a hedge, check here ☐ and enter the following information:
- b** Name of hedge provider ▶ _____
- c** Type of hedge ▶ _____
- d** Term of hedge ▶ _____
- 42** If the issuer has superintegrated the hedge, check box ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ☒
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ☒
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ☐ and enter the amount of reimbursement ▶ _____
- b** Enter the date the official intent was adopted ▶ _____

Signature and Consent

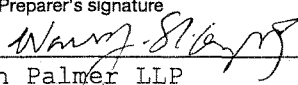
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.


Signature of issuer's authorized representative

1/24/2012
Date

Steven Grossman
Treasurer and Receiver-General
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Walter J. St. Onge III		1/24/2012		P01069412
Firm's name ▶ Edwards Wildman Palmer LLP			Firm's EIN ▶ 05-0135015	
Firm's address ▶ 111 Huntington Ave., Boston MA 02199			Phone no. 617/239-0100	

ATTACHMENT TO LINE 41 of FORM 8038-G

\$462,850,000 THE COMMONWEALTH OF MASSACHUSETTS

GENERAL OBLIGATION REFUNDING BONDS (SIFMA INDEX BONDS)

2012 SERIES A

and

GENERAL OBLIGATION BOND, CONSOLIDATED LOAN OF 2012

SERIES A (SIFMA INDEX BONDS)

HEDGE NO. 1

- b. Name of hedge provider: Citi Swapco Inc.
- c. Type of hedge: floating-to-fixed interest rate swap
- d. Term of hedge: through 9/1/2016

HEDGE NO. 2

- b. Name of hedge provider: Citibank, N.A.
- c. Type of hedge: floating-to-fixed interest rate swap
- d. Term of hedge: through 2/1/2016

HEDGE NO. 3

- b. Name of hedge provider: Citibank, N.A.
- c. Type of hedge: floating-to-fixed interest rate swap
- d. Term of hedge: through 2/1/2016



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

February 14, 2012

Certified Article Number

7160 3901 9848 6923 4848

SENDERS RECORD

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

To Whom It May Concern:

Enclosed is the Information Return for Tax-Exempt Governmental Obligations (Form 8038-G) to be filed in connection with The Commonwealth of Massachusetts \$171,145,000 General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A, and \$291,705,000 General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds), each dated their date of delivery, January 24, 2012.

Sincerely,

Patricia N. DuBois
Public Finance Specialist

Enclosure

7160 3901 9848 6923 4848

TO: The Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201

SENDER:

Patricia N. Dubois/01366

REFERENCE:

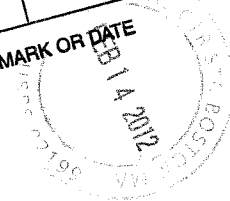
PS Form 3800, January 2005	
RETURN RECEIPT SERVICE	Postage
	Certified Fee
	Return Receipt Fee
	Restricted Delivery
	Total Postage & Fees 0.00

US Postal Service

**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do Not Use for International Mail

POSTMARK OR DATE

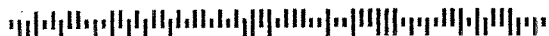




Department of Treasury
Internal Revenue Service
Ogden UT 84201-0074

Notice	CP152
Tax period	January 31, 2012
Notice date	March 26, 2012
Employer ID number	04-6002284
To contact us	Phone 1-877-829-5500
Page 1 of 1	

001506.179939.0006.001 1 AT 0.374 372



THE COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE STE 227
BOSTON MA 02133-1000



001506

Acknowledgment of your January 24, 2012 Form 8038-G

We received your tax-exempt bond form

This notice serves as official acknowledgment that we received your Form 8038-G. If you filed more than one form, you will receive a separate acknowledgment for each one.

Tax-exempt bond information

Bond issuer	THE COMMONWEALTH OF MASSACHUSETTS
Name of issue	GENERAL OBLIGATION REFUNDING BONDS
Address	STATE HOUSE STE 227 BOSTON MA 02133
CUSIP number	57582P E97
Issue date	January 24, 2012
Issue price	\$462,850,000.00
Maturity date	September 1, 2016
IRS report number	338

Important reminders

- Attach a copy of this notice to all of your correspondence and documents related to this tax-exempt bond.
- If a tax practitioner or someone else prepared your form, you may want to give them a copy of this notice. (A copy was automatically sent to all representatives authorized with a Power-of-Attorney for this form.)

Additional information

- Visit www.irs.gov/cp152.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- If you have questions about tax-exempt bonds, call TEGE Customer Account Services at 1-877-829-5500.
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

2012 *Signature*

MOODY'S

INVESTORS SERVICE

7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

January 17, 2012

Mr. Colin MacNaught
Assistant Treasurer
Massachusetts (Commonwealth of)
Office of State Treasurer Steven Grossman
One Ashburton Place, 12th Floor
Boston, MA 02108

Dear Mr. MacNaught:

We wish to inform you that on January 17, 2012, Moody's Investors Service assigned a rating of

- **Aa1** to the Commonwealth of Massachusetts' General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A; and
- **Aa1** to the Commonwealth of Massachusetts' General Obligation Bonds, Consolidated Loan of 2012 Series A (SIFMA Index Bonds)

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

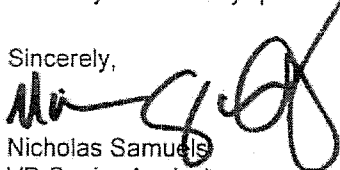
Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

In accordance with our usual policy, assigned ratings are subject to revision or withdrawal by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current rating, please visit www.moodys.com.

Should you have any questions regarding the above, please do not hesitate to contact me at 212-553-7121.

Sincerely,



Nicholas Samuelis
VP-Senior Analyst

Fitch Ratings

One State Street Plaza
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

January 17, 2012

Mr. Steven M. Grossman
Treasurer & Receiver General
Commonwealth of Massachusetts
Office of the Treasurer & Receiver
One Ashburton Place
Boston, MA 02108

Dear Mr. Grossman:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/mb

Enc: Notice of Rating Action
(Doc ID: 169012)

Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Massachusetts, Commonwealth of (MA) GO bonds consolid loan (SIFMA Index bonds) ser 2012A	Long Term	New Rating	AA+	RO:Sta	17-Jan-2012	
Massachusetts, Commonwealth of (MA) GO rfdg bonds (SIFMA index bonds) ser 2012A	Long Term	New Rating	AA+	RO:Sta	17-Jan-2012	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

**STANDARD
& POOR'S**
RATINGS SERVICES

225 Franklin Street, 15th Floor
Boston, MA 02110-2804
tel 617 530-8338
reference no.: 1201167

January 17, 2012

Commonwealth of Massachusetts
Office of State Treasurer
One Ashburton Place - 12th Floor
Boston, MA 02108
Attention: Mr. Colin MacNaught, Assistant Treasurer for Debt Management

Re: *US\$291,815,000 Massachusetts, General Obligation Consolidated Loan Bonds (SIFMA Index Bonds) 2012, Series A, dated: Date of delivery, due: September 01, 2016*

Dear Mr. MacNaught:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

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Page | 2

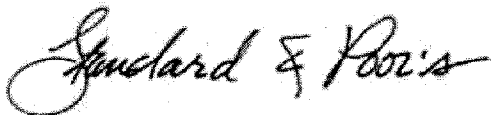
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

A handwritten signature in cursive script that reads "Standard & Poor's".

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

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RATINGS SERVICES

225 Franklin Street, 15th Floor
Boston, MA 02110-2804
tel 617 530-8338
reference no.: 1200538

January 17, 2012

Commonwealth of Massachusetts
Office of State Treasurer
One Ashburton Place - 12th Floor
Boston, MA 02108
Attention: Mr. Colin MacNaught, Assistant Treasurer for Debt Management

Re: *US\$171,240,000 Massachusetts, General Obligation Refunding Bonds (SIFMA Index Bonds), Series 2012 A, dated: Date of delivery, due: February 01, 2017*

Dear Mr. MacNaught:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

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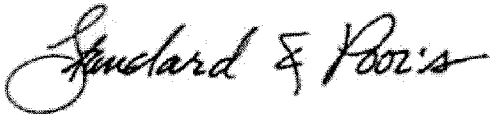
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

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cc: Mr. Nicholas F. Marinaro, Assistant Treasurer for Debt Management
Commonwealth of Massachusetts

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DOCUMENT TO COME

NIXON PEABODY_{LLP}
ATTORNEYS AT LAW

100 Summer Street
Boston, Massachusetts 02110
(617) 345- 1000
Fax: (617) 345-1300

THE COMMONWEALTH OF MASSACHUSETTS

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated loan of 2012, Series A
(SIFMA Index Bonds)

FINAL BLUE SKY SURVEY

January 24, 2012

Citigroup Global Markets Inc.
as representative of the Underwriters
Two International Place
Boston, Massachusetts 02110

Ladies and Gentlemen:

This memorandum confirms our Preliminary Blue Sky Survey (the "Preliminary Blue Sky Survey"), dated January 13, 2012, for the above-captioned Commonwealth of Massachusetts \$171,145,000 General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds).

NIXON PEABODY LLP

NIXON PEABODY_{LLP}
ATTORNEYS AT LAW

100 Summer Street
Boston, MA 02110
(617) 345-2000
Fax (617) 345-1300

THE COMMONWEALTH OF MASSACHUSETTS

\$171,240,000*
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,815,000*
General Obligation Bonds
Consolidated loan of 2012, Series A
(SIFMA Index Bonds)

PRELIMINARY BLUE SKY SURVEY

January 13, 2012

Citigroup Global Markets Inc.
as representative of the Underwriters
Two International Place
Boston, Massachusetts 02110

Ladies and Gentlemen:

This Preliminary Blue Sky Survey sets forth in summary form our comments as to the requirements of the securities or "blue sky" laws of the jurisdictions enumerated herein with respect to the proposed offering and sale to the public, brokers or dealers, and certain institutional investors, of the above-captioned Commonwealth of Massachusetts \$171,240,000* General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,815,000* General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "Bonds").

This Preliminary Blue Sky Survey is based upon an examination of the various statutes and the related rules, regulations and policy statements, if any, issued thereunder, as reported in

* Preliminary, subject to change.

*Preliminary, subject to change

standard compilations customarily relied upon in this connection, and upon statements contained in the Preliminary Official Statement relating to the Bonds in the form initially distributed.

We have prepared this Preliminary Blue Sky Survey as attorneys admitted to practice in the Commonwealth of Massachusetts, and we have obtained neither opinions from members of the Bar of any other jurisdiction nor formal rulings from regulatory commissions or other administrative bodies or officials. The statements made and conclusions expressed herein are subject to change upon the exercise of broad discretionary powers vested in administrative authorities, which powers authorize them, among other things, to withdraw exemptions, to impose additional requirements, to refuse registrations or to issue stop orders.

This Preliminary Blue Sky Survey does not purport to cover the requirements under any of the laws of the jurisdictions enumerated herein with respect to the registration or licensing of dealers, brokers or salespersons, the form or substance of advertising or the legality of investments in the Bonds by any institutional investor which is subject to statutory or other restrictions as to its investments. This Preliminary Blue Sky Survey is furnished for general information purposes only and is not to be relied upon as an opinion of counsel.

Very truly yours,

NIXON PEABODY LLP

PART I

SALES BY PERSONS REGISTERED OR LICENSED AS BROKERS OR DEALERS TO THE PUBLIC

A. Jurisdictions Where Qualification Not Required.

Offers and sales of the Bonds may be made in any amount to anyone in the following jurisdictions without qualification or registration of the Bonds or the making of any filing or the payment of applicable fees in lieu of such registration or qualification, but only by brokers or dealers registered or licensed in the respective jurisdictions:

Alabama	Montana
Alaska	Nebraska
Arizona	Nevada
Arkansas	New Hampshire
California	New Jersey
Colorado	New Mexico
Connecticut	New York
Delaware	North Carolina
District of Columbia	North Dakota
Florida ⁽¹⁾	Ohio ⁽²⁾
Georgia	Oklahoma
Guam	Oregon
Hawaii	Pennsylvania
Idaho	Puerto Rico
Illinois	Rhode Island
Indiana	South Carolina
Iowa	South Dakota
Kansas	Tennessee
Kentucky	Texas
Louisiana	Utah
Maine	Vermont
Maryland	Virginia
Massachusetts	Washington
Michigan	West Virginia
Minnesota	Wisconsin
Mississippi	Wyoming
Missouri	

- (1) Provided that if there has been a default as to payment of principal or interest, since December 31, 1975, on any obligation of the issuer or a successor to the issuer or any guarantor by the guarantor or any successor to the guarantor of the Bonds, there has been and will be in any offering literature "full and fair disclosure," as prescribed by the Florida Department of Banking and Finance, of such default or a statement that the disclosure is required and the reason it is not deemed appropriate and material.
- (2) Provided at the time of first sale of the Bonds in this jurisdiction, there is no default in the payment of any of the interest or principal on the Bonds, nor are there any adjudications or pending suits adversely affecting the validity of the Bonds.

B. Jurisdictions Where Qualification Not Requested.

In the following jurisdictions, appropriate action is required to either perfect or obtain an exception for the Bonds or qualify the Bonds before the Bonds may be sold or offered to anyone therein other than in exempt transactions. Pursuant to your request, no such action is being taken to establish an exempt status for or to register or qualify the Bonds for offer or sale to the public in the following jurisdictions, or in lieu thereof, to pay the applicable registration or qualification fees unless otherwise indicated in the notes below:

None

PART II

SALES TO BROKERS OR DEALERS

Offers and sales of the Bonds may be made in any amount to brokers or dealers registered or licensed in the following jurisdictions, subject to the qualifications indicated in the notes, without registration of the Bonds or any filings being made. Subject to the qualifications indicated in the notes, such offers and sales may be made either by brokers or dealers registered or licensed in the respective jurisdictions or where such persons are not so registered or licensed as indicated in the notes below.

Alabama	Kentucky ⁽¹⁾	Ohio
Alaska ⁽¹⁾	Louisiana	Oklahoma ⁽¹⁾
Arizona ⁽²⁾	Maine ⁽⁷⁾	Oregon ⁽²⁾
Arkansas ⁽³⁾	Maryland ⁽⁸⁾	Pennsylvania ⁽¹⁾
California ⁽⁴⁾	Massachusetts ⁽¹⁾	Puerto Rico ⁽¹⁾
Colorado ⁽⁵⁾	Michigan ⁽¹⁾	Rhode Island ⁽¹¹⁾
Connecticut ⁽¹⁾	Minnesota ⁽¹⁰⁾	South Carolina ⁽¹⁾
Delaware ⁽¹⁾	Mississippi ⁽¹⁾	South Dakota ⁽¹⁾
District of Columbia ⁽⁶⁾	Missouri ⁽¹⁾	Tennessee ⁽¹²⁾
Florida	Montana ⁽¹⁾	Texas ⁽¹³⁾
Georgia ⁽¹⁾	Nebraska ⁽⁸⁾	Utah ⁽¹⁾
Guam ⁽¹⁾	Nevada ⁽⁹⁾	Vermont ⁽¹⁾
Hawaii ⁽¹⁾	New Hampshire ⁽⁸⁾	Virginia
Idaho ⁽¹⁾	New Jersey ⁽¹⁰⁾	Washington ⁽¹⁾
Illinois	New Mexico ⁽¹⁾	West Virginia ⁽¹⁾
Indiana ⁽¹⁾	New York	Wisconsin ⁽¹⁴⁾
Iowa ⁽¹⁾	North Carolina ⁽¹⁾	Wyoming ⁽¹⁾
Kansas ⁽¹⁾	North Dakota ⁽¹⁾	

-
- (1) Provided the offeror or seller (i) is registered as a broker or dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through brokers, dealers or broker-dealers or with institutions enumerated with respect to this jurisdiction in Part III herein.
 - (2) Provided the offeror or seller (i) is a registered broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions exclusively with other broker-dealers registered or exempt from registration in this jurisdiction.
 - (3) Provided the offeror or seller (i) is registered as a broker-dealer in Arkansas, or (ii) has no place of business in Arkansas and effects transactions in Arkansas exclusively with or through other broker-dealers, savings and loan associations or with institutions enumerated with respect to Arkansas in Part III herein.
 - (4) Provided the offeror or seller (i) is registered as a broker-dealer in California, or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and does not direct offers to sell or buy into California in any manner to persons other than registered broker-dealers or institutions enumerated with respect to California in Part III herein.

- (5) Provided the offeror or seller (i) is registered as a broker or dealer in Colorado, or (ii) is a broker or dealer registered pursuant to the Securities Exchange Act of 1934, has no place of business in Colorado and effects transactions in Colorado exclusively with other broker-dealers registered or exempt from registration in Colorado, except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers, or with the institutions enumerated with respect to Colorado in Part III herein.
- (6) Provided the offeror or seller (i) is registered as a broker-dealer in the District of Columbia or (ii) has no place of business in the District of Columbia and effects transactions in the District of Columbia exclusively with depository institutions, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts or other financial institutions or institutional investors.
- (7) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction, if the transactions effected by the broker-dealer in this jurisdiction are exclusively with the following: (1) the issuer of the securities involved in the transactions; (2) other broker-dealers licensed or exempt under this jurisdiction, except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers; or (3) or institutions enumerated with respect to this jurisdiction in Part III
- (8) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit sharing trusts, or other financial or institutional buyers.
- (9) Provided the offeror or seller (i) is registered as a broker-dealer in Nevada, or (ii) is registered, or not required to be registered under the Securities Exchange Act of 1934 and has no place of business in Nevada and effects transactions exclusively with other broker-dealers licensed or exempt under the Nevada Revised Statutes, as amended or with institutions enumerated with respect to Nevada in Part III herein.
- (10) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively for the account of registered broker-dealers or with institutions enumerated with respect to this jurisdiction in Part III herein.
- (11) Provided the offeror or seller (i) is registered as a broker-dealer in Rhode Island or (ii) is registered or not required to be registered under the Securities Exchange Act of 1934 and has no place of business in Rhode Island and effects transactions in Rhode Island exclusively with any broker dealer and such financial or institutional investors enumerated with respect to Rhode Island in Part III herein.
- (12) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in Tennessee or (ii) has no place of business in Tennessee and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers and effects transactions in Tennessee exclusively with or through registered or licensed broker-dealers or with the institutions enumerated with respect to Tennessee in Part III herein.
- (13) Provided the offeree or purchaser is a registered dealer actually engaged in buying and selling securities.
- (14) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or not required to be registered as a broker-dealer in Wisconsin, or (ii) effects transactions in this jurisdiction exclusively with accredited investors as described in SEC Rule 501(a) (1), (2), (3), (7) or (8) or with institutions enumerated with respect to Wisconsin in Part III herein.

PART III

SALES TO CERTAIN INSTITUTIONS

Offers and sales of the Bonds may be made to the specified institutions in the following jurisdictions, subject to the qualifications indicated in the notes, without registration or qualification of the Bonds or any filings being made. Subject to the qualifications indicated in the notes, such offers and sales may be made either by dealers or brokers registered or licensed in the respective jurisdictions or by persons not so registered or licensed. The status of the Bonds with respect to eligibility for investment by the institutions mentioned herein is not covered in this Survey.

AlabamaAny bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Alaska⁽¹⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Arizona⁽²⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Arkansas⁽³⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

California⁽⁴⁾⁽⁵⁾Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or individual retirement account), or such other institutional investor or governmental agency or instrumentality designated by rule of the Commissioner of Corporations, or any corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934 or any wholly owned subsidiary of such a corporation which after the offer and sale will own directly or indirectly 100 percent of the outstanding capital stock of the issuer; provided the purchaser represents that it

is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security.

- Colorado⁽⁶⁾**Any depository institution; insurance company; a separate account of an insurance company; an investment company registered under the federal "Investment Company Act of 1940"; a business development company as defined in the federal "Investment Company Act of 1940"; any private business development company as defined in the federal "Investment Advisers Act of 1940"; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the federal "Employee Retirement Income Security Act of 1974", that is a broker-dealer registered under the federal "Securities Exchange Act of 1934", an investment adviser registered or exempt from registration under the federal "Investment Advisers Act of 1940", a depository institution, or an insurance company; an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year; a small business investment company licensed by the federal small business administration under the federal "Small Business Investment Act of 1958"; and any other institutional buyer.
- Connecticut⁽¹⁾**Any bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, federal savings bank, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Delaware⁽¹⁾⁽⁷⁾**Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- District of Columbia⁽⁸⁾**Any depository institution, insurance company, separate account of an insurance company, investment company registered under the Investment Company Act of 1940, business development company as defined in the Investment Company Act of 1940, employee pension or

profit-sharing or benefit plan if the plan has total assets in excess of \$5 million or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution or an insurance company, a "qualified institutional buyer" as defined in SEC Rule 144A, an accredited investor as defined in SEC Rule 501(a), a limited liability company with net assets of at least \$500,000.

Florida.....Any bank or trust company, savings institution, insurance company, investment company as defined by the Investment Company Act of 1940, or pension or profit-sharing trust, or qualified institutional buyer as defined in Securities and Exchange Commission Rule 144A (17 C.F.R. 230.144(A)(a)).

Georgia⁽¹⁾⁽¹²⁾.....Any institutional investor.

Guam⁽¹⁾.....Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Hawaii⁽¹⁾⁽¹²⁾.....Any institutional investor.

Idaho⁽¹⁾⁽⁹⁾.....Any institutional investor.

Illinois⁽¹⁰⁾.....Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, pension fund, pension trust, employees' profit-sharing trust, or other financial institution or institutional investor, or any government or political subdivision or instrumentality thereof; any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities, or any trust in respect of which a bank or trust company is trustee or co-trustee; any entity in which at least ninety percent (90%) of the equity is owned by person described in subsections C, H or S of Section 4[5/4] of the Illinois Securities Law of 1953, as amended, any employee benefit plan within the meaning of Title I of the Federal ERISA Act if the investment decision is made by a plan fiduciary as defined in §3(21) of the federal

ERISA Act and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or the plan has total assets in excess of \$5,000,000, or, in the case of a self-directed plan, investment decisions are made solely by persons described under subsections C, D, H or S of Section 4[5/4] of the Illinois Securities Law of 1953, as amended, or to a plan established and maintained by, and for the benefit of the employees of, any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of \$5,000,000, or to any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust or partnership has total assets in excess of \$5,000,000.

Indiana⁽¹⁾⁽¹²⁾Any institutional investor.

Iowa⁽¹⁾⁽¹¹⁾Any institutional investor.

Kansas⁽¹⁾⁽¹²⁾Any institutional investor.

Kentucky⁽¹⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

LouisianaAny bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution.

Maine⁽¹³⁾⁽¹⁴⁾Any institutional investor.

Maryland⁽¹⁵⁾⁽¹⁶⁾Any investment company as defined in the Investment Company Act of 1940, an investment adviser with assets under management of not less than \$1,000,000, savings and loan association, bank, trust company, insurance company, employee benefit plan with assets of not less than \$1,000,000, or governmental agency or instrumentality, whether acting for itself or as a trustee or a fiduciary with investment control or other institutional investor as designated by rule or order.

- Massachusetts**⁽¹⁾⁽¹⁷⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Michigan**⁽¹⁾⁽¹²⁾Any institutional investor.
- Minnesota**⁽¹⁾⁽¹²⁾Any institutional investor or an accredited investor as that term is defined in Regulation D, Rule 501(a) of the Internal Revenue Code of 1986.
- Mississippi**⁽¹⁾⁽¹²⁾Any institutional investor.
- Missouri**⁽¹⁾⁽⁹⁾Any institutional investor.
- Montana**⁽¹⁾⁽¹⁸⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- Nebraska**⁽¹⁵⁾⁽¹⁹⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer or to an individual accredited investor.
- Nevada**⁽²⁰⁾⁽²¹⁾Any financial or institutional investor.
- New Hampshire**⁽¹⁵⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, venture capital company which operates a small business investment company under the Small Business Investment Act of 1958, as amended, or other financial institution or institutional buyer.
- New Jersey**⁽²²⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
- New Mexico**⁽¹⁾⁽¹²⁾Any financial or institutional investor.
- New York**Any state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof, any dealer or broker, or any syndicate, corporation or other

group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups.

North Carolina⁽¹⁾⁽²³⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

North Dakota⁽¹⁾⁽¹²⁾Any institutional investor.

OhioAny corporation, bank, insurance company, pension fund or pension fund trust, employees' profit sharing fund or employees' profit sharing trust, or any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee or any "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933.

Oklahoma⁽¹⁾⁽¹²⁾Any institutional investor.

Oregon⁽²⁾Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, financial institution or institutional buyer (including but not limited to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Department of Veteran's Affairs and the Government National Mortgage Association), or mortgage broker or mortgage banker.

Pennsylvania⁽¹⁾⁽²⁴⁾Any bank, insurance company, pension or profit-sharing plan or trust (except a municipal pension plan or system), investment company as defined in the Investment Company Act of 1940, or any person, other than an individual, which controls any of the foregoing, the Federal Government, state or any agency or political subdivision thereof, except public school districts in Pennsylvania, or any other person designated as an institutional investor by regulation of the Pennsylvania Securities Commission.

Puerto Rico⁽¹⁾Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer.

- Rhode Island⁽²⁵⁾**Any depository institution; an insurance company or separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of five million dollars (\$5,000,000) or if investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; and any other institutional buyer.
- South Carolina⁽¹⁾⁽¹²⁾**Any institutional investor.
- South Dakota⁽¹⁾⁽¹²⁾**Any institutional investor.
- Tennessee⁽²⁶⁾**Any bank, unless the bank is acting as a broker-dealer as such term is defined in the Tennessee Securities Act of 1980, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, a pension or profit sharing plan, an institutional buyer or any other person engaged as a substantial part of its business in investing in securities, provided such purchaser has a net worth in excess of \$1,000,000.
- Texas⁽²⁷⁾**Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940 or small business investment company as defined in the Small Business Investment Act of 1958, as amended, provided the securities are purchased by such institution for its own account or as a bona fide trustee of a trust organized and existing other than for the purpose of acquiring the securities.
- Utah⁽¹⁾**Any depository, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional investor.
- Vermont⁽¹⁾⁽¹²⁾**Any institutional investor.

Virginia	Any corporation, investment company or pension or profit-sharing trust.
Washington ⁽¹⁾⁽²⁸⁾	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
West Virginia ⁽¹⁾⁽²⁹⁾	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Wisconsin ⁽¹²⁾⁽³⁰⁾	Any institutional investor.
Wyoming ⁽¹⁾	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer.

(1) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part.

(2) Provided the offeror or seller (i) is a registered broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions exclusively with other broker-dealers registered or exempt from registration in this jurisdiction.

(3) Provided the offeror or seller (i) is registered as a broker-dealer in Arkansas, or (ii) has no place of business in Arkansas and effects transactions in Arkansas exclusively with or through other broker-dealers, savings and loan associations or with institutions enumerated with respect to Arkansas in this Part.

(4) Provided the offeror or seller (i) is registered as a broker-dealer in California, or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and does not direct offers to sell or buy into California in any manner to persons other than registered broker-dealers or to institutions enumerated with respect to California in this Part.

(5) The institutional investors, governmental agencies and instrumentalities designated by rule of the Commissioner of Corporations are: (a) any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended December 29, 1981, which has total assets (including endowment, annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement; (b) any corporation which has a net worth on a consolidated basis according to its most recent audited financial statement of not less than \$14,000,000; (c) any wholly owned subsidiary of any institutional investor designated in this Part; and (d) the Federal Government, any agency or instrumentality of the Federal Government, any corporation wholly owned by the Federal Government, any state, any city, city and county, or county, or any agency or instrumentality of such governments, any state university or state college, and any retirement system for the benefit of employees of any of the foregoing.

(6) Provided the offeror or seller (i) is registered as a broker-dealer in Colorado, or (ii) is a broker-dealer registered pursuant to the Securities Exchange Act of 1934, has no place of business in Colorado and effects transactions in Colorado exclusively with or through other broker-dealers registered or exempt from registration in Colorado, except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers, or with institutions enumerated with respect to Colorado in this Part.

(7) The term "institutional buyer" includes, but is not limited: (i) an "accredited investor" as defined by SEC Rule 501 (a)(1)-(4), (7) and (8) excluding, however, any self-directed employee benefit plan with investment decisions made solely by persons that are "accredited investors" as defined in Rule 501 (a)(5)-(6); (ii) any "qualified institutional buyer" as that term is defined in SEC Rule 144A(a)(1) and (iii) a corporation, partnership, trust, estate or other entity (excluding individuals) having a net worth of not less than \$5 million or a wholly owned subsidiary of such entity, as long as the entity was not formed for the purpose of acquiring the specific securities, but the offer or sale securities is not exempt under Section 7309(b)(8) of the Delaware Securities Act if the institutional buyer is in fact acting only as an agent for another purchaser that is not an institutional buyer or financial institution listed in Section 7309(b)(8) of the Delaware Securities Act.

(8) Provided the offeror or seller (i) is registered as a broker-dealer in the District of Columbia or (ii) has no place of business in the District of Columbia and effects transactions in the District of Columbia exclusively with depository institutions, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts or other financial institutions or institutional buyers.

(9) The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity, (i) a depository institution, a trust company organized or chartered under the laws of this jurisdiction, or an international banking institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) a broker-dealer registered under the securities exchange act of 1934; (vi) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars (\$10,000,000) or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the laws of this jurisdiction, a depository institution, or an insurance company; (vii) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars (\$10,000,000) or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the laws of this jurisdiction, a depository institution or an insurance company; (viii) a trust, if it has total assets in excess of ten million dollars (\$10,000,000), its trustee is a depository institution, and its participants are exclusively plans of the types identified in the immediately preceding two clauses, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (ix) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars (\$10,000,000); (x) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of ten million dollars (\$10,000,000); (xi) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of ten million dollars (\$10,000,000); (xii) a federal covered investment adviser acting for its own account; (xiii) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A); (xiv) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6); (xv) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars (\$10,000,000) not organized for the specific purpose of evading this act; or (xvi) or any other person specified by rule adopted or order issued under this jurisdiction.

(10) The term "institutional investor" shall include, but not be limited to: (a) any investment company, university, or other organization whose primary purpose is to invest its own assets or those held in trust by it for others; (b) any trust account or individual or group retirement account in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and (c) any foundation or endowment fund exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund. The Illinois Securities Department has also defined "financial institution" to include, but not be limited to, a manager of investment accounts on behalf of other than natural persons, who, with affiliates, exercises sole investment discretion with respect to such accounts and provided such accounts exceed 10 in number and have a fair market value of not less than \$10,000,000 at the end of the preceding calendar month.

(11) The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) a broker-dealer registered under the Securities Exchange Act of 1934; (vi) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment advisor registered or exempt from registration under the Investment Advisers Act of 1940, an investment advisor registered under this chapter, a depository institution, or an insurance company; (vii) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of five million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment advisor registered or exempt from registration under the Investment Advisers Act of 1940, an investment advisor registered under this chapter, a depository institution, or an insurance company; (viii) a trust, if it has total assets in excess of five million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in the two immediately preceding clauses, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (ix) an organization described in section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of five million dollars; (x) a small business investment company licensed by the small business administration under section 301(c) of the Small Business Investment Act of 1958, 15 U.S.C. Section 681(c), with total assets in excess five million dollars; (xi) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-2(a)(22), with total assets in excess of five million dollars; (xii) a federal covered investment adviser acting for its own account; (xiii) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted by the securities and exchange commission under the Securities Act of 1933, 17 C.F.R. Section 230.144A; (xiv) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted by the securities and exchange commission under the Securities Exchange Act of 1933, 17 C.F.R. Section 240.15a-6; (xv) any other person, other than an individual, of institutional character with total assets in excess of five million dollars not organized for the specific purpose of evading this chapter; or (xvi) or any other person specified by rule adopted or order issued under this jurisdiction.

(12) The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity, (i) a depository institution or an international banking institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) a broker-dealer registered under the securities exchange act of 1934; (vi) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars (\$10,000,000) or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the laws of this jurisdiction, a depository institution, or an insurance company; (vii) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars (\$10,000,000) or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the laws of this jurisdiction, a depository institution or an insurance company; (viii) a trust, if it has total assets in excess of ten million dollars (\$10,000,000), its trustee is a depository institution, and its participants are exclusively plans of the types identified in the immediately preceding two clauses, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (ix) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars (\$10,000,000); (x) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of ten million dollars (\$10,000,000); (xi) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of ten million dollars (\$10,000,000); (xii) a federal covered investment adviser acting for its own account; (xiii) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A); (xiv) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6); (xv) any other person, other than an individual, of institutional

character with total assets in excess of ten million dollars (\$10,000,000) not organized for the specific purpose of evading this act; or (xvi) or any other person specified by rule adopted or order issued under this jurisdiction.

(13) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction, if the transactions effected by the broker-dealer in this jurisdiction are exclusively with the following: (1) the issuer of the securities involved in the transactions; (2) other broker-dealers licensed or exempt under this jurisdiction, except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers; or (3) or institutions enumerated with respect to this jurisdiction in this Part III

(14) The term "institutional investor" means any of the following whether in acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the federal Investment Company Act of 1940; (v) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under this chapter, a depository institution or an insurance company; (vi) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under this chapter, a depository institution or an insurance company; (vii) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in paragraph F or G, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (viii) an organization described in Section 501(c)(3) of the Internal Revenue Code, 26 United States Code, Section 501(c)(3), a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,00; (ix) a small business investment company licensed by the United States Small Business Administration under Section 301(c) of the federal Small Business Investment Act of 1958, 15 United States Code, Section 681(c) with total assets in excess of \$5,000,000; (x) a private business development company as defined in Section 202(a)(22) of the federal Investment Advisers Act of 1940, 15 United State Code, Section 80b-2(a)(22) with total assets in excess of \$5,000,000; (xi) a federal covered investment advisor acting for its own account; (xii) a qualified institutional buyer as defined in 17 Code of Federal Regulations, 230.144A(a)(1), except as defined in 17 Code of Federal Regulations 230.144A(a)(1)(i)(H); (xiii) a major U.S. Institutional investor as defined in 17 Code of Federal Regulations, 240.15a-6(b)(4)(i); (xiv) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading this chapter; or (xv) any other person specified by rule adopted or order issued under this chapter. A person may be an institutional investor whether acting for itself or others in a fiduciary capacity.

(15) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit sharing trusts, or other financial or institutional buyers.

(16) The Maryland Division of Securities has by rule defined institutional investor to include an accredited investor as set forth in Regulation D, 17 CFR §230.501(a)(1)-(3),(7), and (8), and a qualified institutional buyer as set forth in Rule 144A, 55 FR 17933 (1990).

(17) The term "institutional buyer" includes, but is not limited to, (i) a Small Business Investment Company licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958, as amended; (ii) a private business development company as defined in §202(a)(22) of the Investment Advisers Act of 1940, as amended; (iii) a Business Development Company as defined in §2(a)(48) of the Investment Company Act of 1940, as amended; (iv) an entity with total assets in excess of \$5 million and which is either: (a) a company (whether a corporation, a Massachusetts or similar business trust, partnership, limited liability company or limited liability partnership) not formed for the specific purpose of acquiring the securities offered; a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions are made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to

be capable of evaluating the merits and risks of investment; or (b) an organization described in Section 501(c)(3) of the Internal Revenue Code; and (v) a Qualified Institutional Buyer as defined in 17 CFR 230.144A(a).

(18) The Montana State Auditor and Commissioner of Securities has, in an interpretative opinion, added institutional investors qualified under Rule 144A of the Securities Exchange Commission to the list set forth in this Part.

(19) The Nebraska Director of Banking and Finance has, in an interpretative opinion, added certain institutions to those listed: (i) any bank as defined in Section 3(a)(2) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; (ii) any insurance company as defined in section 2(13) of the Securities Act of 1933; (iii) any business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; and, (vi) any Small Business Investment Company licensed by the United States Small Business Administration under Sections 301(c) or (d) of the Small Business Investment Company Act of 1958. "Pension or profit-sharing trust" means an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000. Further, an "individual accredited investor" is defined as (a) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer, (b) any manager of a limited liability company that is the issuer of the securities being offered or sold, (c) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase, exceeds one million dollars, or (d) any natural person who had an individual income in excess of two hundred thousand dollars in each of the two most recent years or joint income with that person's spouse in excess of three hundred thousand dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year.

(20) Provided the offeror or seller (i) is registered as a broker-dealer in Nevada, or (ii) is registered, or not required to be registered under the Securities Exchange Act of 1934 and has no place of business in Nevada and effects transactions exclusively with other broker-dealers licensed or exempt under the Nevada Revised Statutes, as amended or with institutions enumerated with respect to Nevada in this Part.

(21) The term "financial or institutional investor" means: (i) a depository institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; and (vi) any other institutional buyer.

(22) Provided the offeror or seller (i) is registered as a broker-dealer in New Jersey, or (ii) effects transactions in New Jersey exclusively with or through registered broker-dealers or with institutions enumerated with respect to New Jersey in this Part.

(23) In addition, a broker-dealer registered in North Carolina may offer and sell to an entity which has a net worth in excess of \$1,000,000 as determined by generally accepted accounting principles.

(24) The term "institutional investor" includes: (1) a corporation or business trust or a wholly-owned subsidiary of the person which has been in existence for 18 months and which has a tangible net worth on a consolidated basis, as reflected in its most recent audited financial statements, of \$10 million or more; (2) a college, university, or other public or private institution which has received exempt status under section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. §501(c)(3)) and which has a total endowment or trust funds, including annuity and life income funds, of \$5 million or more according to its most recent audited financial statements; provided that the aggregate dollar amount of securities being sold to the person under the exemption contained in section 203(c) of the Pennsylvania Securities Act of 1972 (the "Act") (70 P.S. §1-203(c)) and this title may not exceed 5.0% of the endowment or trust funds; (3) a wholly-owned subsidiary of a bank as defined in section 102(d) of the Act (70 P.S. §1-102(d) and §102.041 (relating to banking institution; savings and loan institution); (4) a person, except an individual or an entity whose securityholders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in non-public offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with one of the following: (i) has purchased \$5 million or more of the securities excluding both of the following: (A) a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities, but securities purchased under a leveraged buy-out

financing in which the person does not intend to provide direct management to the issuer, shall not be excluded, or (B) any dollar amount of a purchase of securities of a corporation which investment represents more than 20% of the person's net worth; (ii) is capitalized at \$2,500,000 or more and is controlled by an individual controlling a person which meets the criteria contained in subparagraph (i); (iii) is capitalized at \$10 million or more and has purchased \$500,000 or more of the securities, excluding a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities; (iv) is capitalized at \$250,000 or more and is a side-by-side fund as defined in subsection (b)(4) of the Pennsylvania Blue Sky Regulations; (5) a Small Business Investment Company as that term is defined in section 103 of the Small Business Investment Act of 1958, (15 U.S.C. § 662) which either: (i) has a total capital of \$1 million or more; or (ii) is controlled by institutional investors as defined in section 102(k) of the Act (70 P.S. §1-102(k)) or section 102.111 of the Pennsylvania Blue Sky Regulations; (6) a Seed Capital Fund, as defined in section 2 and authorized in section 6 of the Small Business Incubators Act (73 P.S. §§395.2 and 395.6); (7) a Business Development Credit Corporation, as authorized by the Business Development Credit Corporation Law (15 P.S. §§2701-2716); (8) a person whose security holders consist solely of institutional investors or broker-dealers; (9) a person as to which the issuer reasonably believed qualified as an institutional investor under this section at the time of the offer or sale of the securities on the basis of written representations made to the issuer by the purchaser; and (10) a qualified institutional buyer as that term is defined in 17 CFR 230.144A (relating to private resales of securities to institutions), or any successor rule thereto.

(25) Provided the offeror or seller (i) is registered as a broker-dealer in Rhode Island or (ii) is a broker-dealer who is registered or not required to be registered under the Securities Exchange Act of 1934, has no place of business in Rhode Island and effects transactions in Rhode Island exclusively with or through other broker-dealers or with institutions enumerated with respect to Rhode Island in this Part.

(26) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in Tennessee, or (ii) has no place of business in Tennessee and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. and effects transactions in Tennessee exclusively with or through registered or licensed broker-dealers or with institutions enumerated with respect to Tennessee in this Part.

(27) In addition, the Texas State Securities Board exempts from the securities registration requirements of the Securities Act the offer and sale of any securities to any of the following purchasers: (1)(i) any bank, as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act") or any savings and loan association or other institution as defined in Section 3(a) (5)(A) of the 1933 Act, whether acting in its individual or fiduciary capacity; any insurance company as defined in Section 2(13) of the 1933 Act; any investment company registered under the Investment Company Act of 1940; or a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited institutional investors; (ii) any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; (iii) any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000; (iv) any director, executive officer, or general partner of the issuer of the securities being offered and sold, or any director, executive officer, or general partner of a general partner of that issuer; (v) any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment within the meaning of Rule 506(b)(ii) promulgated under the 1933 Act; or (vi) any entity in which all of the equity owners are within categories (i)-(v) above; (2) any "qualified institutional buyer" (as that term is defined in Rule 144A(a)(1) of the 1933 Act as made effective in SEC Release 33-6862, and amended in Release Number 33-6963); and (3) a corporation, partnership, trust, estate or other entity (excluding individuals) having net worth of not less than \$5,000,000, or a wholly owned subsidiary of such entity, provided the entity was not formed for the purpose of acquiring the specific securities. For purposes of determining a purchaser's total assets or net worth, the issuer and the seller may rely upon the entity's most recent annual balance sheet or other financial statement which shall have been audited by an independent accountant or which shall have been verified by a principal of the purchaser.

(28) The term "institutional buyer" includes a corporation, business trust, or partnership or wholly owned subsidiary of such an entity, which has been operating for at least 12 months and which has a net worth on a consolidated basis of at least \$10 million as determined by the entity's most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; any entity which has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 and which has a total endowment or trust funds of \$5 million or more according to its most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; or any wholly owned subsidiary of a bank, savings institution, insurance company, or investment company as defined in the Investment Company Act of 1940. Sales of the securities to such persons may be made by persons registered as broker-dealers in Washington.

(29) The term "institutional buyer" includes a corporation, business trust, partnership, limited liability company, limited liability partnership or a wholly owned subsidiary of any of the aforementioned entities, which has been operating on a continuing basis for at least twelve (12) months and which has a net worth of at least five million (\$5,000,000) dollars, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions are made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investment, an entity which has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code, as amended, which has been operating on a continuing basis for at least twelve (12) months and which has a net worth of at least five million (\$5,000,000) dollars, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions are made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investment, a Small Business Investment Company licensed by the United States Small Business Administration by the Small Business Investment Act of 1958, as amended, a private business development company as defined by the Investment Advisors Act of 1940, as amended, a Business Development Company as defined by the Investment Company Act of 1940, as amended, a wholly-owned subsidiary of a bank, savings institution, insurance company, or investment company as defined by the Investment Company Act of 1940, as amended, and a "Qualified Institutional Buyer" as defined in 17 CFR 230.144A(a).

(30) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or not required to be registered as a broker-dealer in Wisconsin, or (ii) effects transactions in this jurisdiction exclusively with accredited investors as described in SEC Rule 501(a) (1), (2), (3), (7) or (8) or with institutions enumerated with respect to Wisconsin in this Part.



FINAL

MEMORANDUM

To: Attached Distribution
From: Citigroup Global Markets Inc.
Date: Tuesday, January 24, 2012
Re: Commonwealth of Massachusetts

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Closing Flow-of-Funds Memorandum

I. OVERVIEW

The closing of The Commonwealth of Massachusetts, General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) is scheduled for Tuesday, January 24th at 10:00am via conference call (Dial-in: 877-716-6484 /PW: 418-197-4254). The pre-closing will take place on Monday, January 23rd by Mail.

II. SETTLEMENT INFORMATION

The purchase price for the Bonds is determined as follows:

	GO Refunding Bonds (SIFMA Index Bonds) 2012 Series A	GO Bonds Consolidated Loan of 2012, Series A (SIFMA Index Bonds)	Total
Par Amount	171,145,000.00	291,705,000.00	462,850,000.00
LESS: Underwriter's Discount	(451,315.78)	(775,857.72)	(1,227,173.50)
Purchase Price	170,693,684.22	290,929,142.28	461,622,826.50

III. DISPOSITION OF PROCEEDS

	GO Refunding Bonds (SIFMA Index Bonds) 2012 Series A	GO Bonds Consolidated Loan of 2012, Series A (SIFMA Index Bonds)	Total
Proceeds for purpose of refunding prior bonds	170,690,000.00	191,195,000.00	361,885,000.00
Net Proceeds to the Commonwealth*	3,684.22	99,734,142.28	99,737,826.50
Purchase Price	170,693,684.22	290,929,142.28	461,622,826.50

*Additional funds from the pricing are included as net proceeds to the Commonwealth.

PLEASE NOTE FUNDS WILL NOT BE DISBURSED INTO ANY ACCOUNTS UNTIL THE BOND ISSUE IS CLOSED. DISBURSEMENT OF FUNDS WILL ONLY OCCUR AFTER A JOINT CONFERENCE CALL AMONG THE COMMONWEALTH, EDWARDS WILDMAN, CITI AND DTC.



IV. THE FOLLOWING WIRE WILL BE INITIATED BY CITI AT THE OPENING OF BUSINESS, TUESDAY, JANUARY 24, 2012.

CITI WIRE

1. Wire for Series 2012A Proceeds to The Commonwealth

Citi will send a wire via Federal Funds to The Commonwealth in the amount of **\$461,622,826.50** representing the total purchase price.

Wiring Instructions

Amount:	\$461,622,826.50
Wire to:	Sovereign Bank
ABA #:	011-075-150
Acct#:	00088880000
Reference:	Commonwealth of Mass
Contact:	Henry Clay (617-367-3900 ext. 553)

*** Mary Jo Murphy (212-723-7095) will serve as Citi's contact person on all Citi wires.**



V. CUSIP NUMBERS

THE COMMONWEALTH OF MASSACHUSETTS

\$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

Dated: Date of Delivery

Due: February 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u> (variable)	<u>Price</u>	<u>CUSIP</u> <u>Number</u> **
2013	\$35,000,000	SIFMA Rate [†] minus 0.02%	100%	57582PD98
2014	35,000,000	SIFMA Rate [†] plus 0.25%	100	57582PE22
2015	35,000,000	SIFMA Rate [†] plus 0.40%	100	57582PE30
2016	66,145,000	SIFMA Rate [†] plus 0.48%	100	57582PE48

\$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Dated: Date of Delivery

Due: September 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u> (variable)	<u>Price</u>	<u>CUSIP</u> <u>Number</u> **
2012	\$65,205,000	SIFMA Rate [†] minus 0.03%	100%	57582PE55
2013	31,125,000	SIFMA Rate [†] plus 0.13%	100	57582PE63
2014	77,615,000	SIFMA Rate [†] plus 0.38%	100	57582PE71
2015	97,165,000	SIFMA Rate [†] plus 0.45%	100	57582PE89
2016	20,595,000	SIFMA Rate [†] plus 0.52%	100	57582PE97

* In no event shall the interest rate payable on the Bonds be less than 0%.

** Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Bonds and the Commonwealth does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

† See "The Bonds - Additional Information Related to SIFMA Index Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof.



DISTRIBUTION

The Commonwealth of Massachusetts

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Citi

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THE COMMONWEALTH OF MASSACHUSETTS
IDENTIFICATION OF SWAP TRANSACTIONS

This Swap Identification Certificate is executed and delivered by The Commonwealth of Massachusetts (the "Commonwealth"), in connection with the issuance of \$171,145,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 aggregate stated principal amount of General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "2012 Bonds"). Proceeds of the 2012 Bonds will be applied to the payment of the 2011/2012 Maturity of the 2011 A Bonds, as such terms are defined below.

On February 17, 2005, The Commonwealth of Massachusetts (the "Commonwealth"), identified on its books and records an interest rate swap transaction (the "Original Swap") as entered into by the Commonwealth and Citibank, N.A. (the "Counterparty") in anticipation of the issuance of \$562,695,000 of General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005A Bonds"). Upon issuance of the 2005A Bonds, the Commonwealth treated the Original Swap as a "qualified hedge" within the meaning of Treasury Regulations Section 1.148-4(h)(2) and treated the 2005A Bonds as fixed rate bonds under Treasury Regulations Section 1.148-4(h)(4). The final stated maturity of the 2005A Bonds is February 1, 2028 and the Original Swap terminates on such date by its terms.

On March 11, 2010, the Commonwealth sold \$538,120,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 A Bonds") for the purpose of financing the redemption of all of the outstanding 2005A Bonds on March 24, 2010.

Bond Counsel to the Commonwealth for the 2010 A Bonds advised the Commonwealth that the Original Swap was deemed terminated upon the redemption of the 2005A Bonds, even though the Original Swap did not actually terminate and continued in full force and effect. In its Tax and Swap Identification Certificate with respect to the 2010 A Bonds, the Commonwealth identified a component of the Original Swap as a "qualified hedge" with respect to the 2010 A Bonds and other components of the Original Swap as "anticipatory hedges" with respect to anticipated future refundings of the maturities of the 2010 A Bonds as they come due. The component of the Original Swap so identified with respect to the then anticipated refunding of the 2010 A Bonds maturing on February 1, 2011 (the "2010/2011 Maturity") comprises the notional amounts in the table set forth below (the "2011 Swap") :

<u>Date(s)</u>	<u>Notional Amount</u>
From 2/1/2011 to 2/1/2024	\$145,430,000
2/1/2025	\$98,955,000
2/1/2026	\$96,295,000
2/1/2027	\$930,000
2/1/2028	0

Contemporaneously with the identification of the 2011 Swap, Swap Financial Group, LLC (the "Swap Advisor") determined that the "mid-market" fixed payer rate for the 2011 Swap was 3.6272%. Such identification was made in anticipation of the issuance of bonds to refund the 2010/2011 Maturity that would mature in years 2025 through 2028.

On January 31, 2011, the Commonwealth issued \$146,280,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A (the "2011 A Bonds"), the proceeds of which, together with other available moneys, were applied to the payment of the 2010/2011 Maturity. The 2011 A Bonds mature on February 1, 2012 through February 1, 2015; the February 1, 2012 maturity of the 2011 A Bonds is \$25,000,000.

Bond Counsel to the Commonwealth for the 2011 A Bonds has advised the Commonwealth that (i) portions of the 2011 Swap will be deemed terminated as principal of the 2011 A Bonds is paid from proceeds of refunding bonds and (ii) the portion of the 2011 Swap which will terminate upon payment of the principal of the 2011 Bonds maturing on February 1, 2012 (the "Terminated 2011 Swap") is described in Attachment I hereto.

Upon the deemed termination of the 2011 Swap, the Terminated 2011 Swap will be treated as a series of newly executed interest rate swaps, the notional amounts of which are described in Attachments II and III hereto (collectively, the "New 2012 Swaps").

The portion of the Terminated 2011 Swap identified in Attachment II as the "2012/2011A Swap Notional Amount" is hereby identified on the books and records of the Commonwealth as a qualified hedge with respect to the 2012 Bonds identified on Attachment II as the "Hedged 2012/2011A Bonds." The fixed payer rate of the 2012/2011A Swap shall be the mid-market fixed payer rate as of the close of business on February 1, 2012, as determined by Swap Financial Group LLC, which has been retained by the Commonwealth as Swap Advisor.

The undersigned hereby represents as follows on behalf of the Commonwealth with respect to the 2012/2011A Swap

1. The 2012/2011A Swap will be used primarily to reduce the Commonwealth's risk of interest rate changes with respect to the Hedged 2012/2011A Bonds;
2. The 2012/2011A Swap will not include any significant investment element (i.e. an expected return);
3. The Counterparty is not a related party (within the meaning of Treasury Regulations Section 1.150-1(b)) to the Commonwealth;
4. During the term thereof, the 2012/2011A Swap will cover in whole or in part groups of the Hedged 2012/2011A Bonds which bear interest at the same variable rate;
5. The 2012/2011A Swap is primarily interest based;
6. Payments to the Commonwealth under the 2012/2011A Swap will correspond closely in time to payments of interest accruing on the Hedged 2012/2011A Bonds;
7. Arbitrage potential was not and is not a principal purpose for entering into or allocating the 2012/2011A Swap to the Hedged 2012/2011A Bonds;
8. Payments on the 2012/2011A Swap will be made from the same source of funds as payments on the Hedged 2012/2011A Bonds; and

9. The variable component of interest on each issue of the Hedged 2012/2011A Bonds (i.e., the SIFMA Index) is the same as the variable rate of interest specified in the 2012/2011A Swap

It is the intention of the Commonwealth, as of the date hereof, that all or a portion of each of the outstanding February 1 maturities of the 2011 Bonds and the 2012 Bonds, together with all or a portion of the February 1 maturities of each series of the 2012/2011/Future Bonds, as defined below, be refinanced by the issuance of refunding bonds (the "2012/2011/Future Bonds"). As further described below, all or a portion of each issue of 2012/2011/Future Bonds (such portion being a portion of the principal amount of bonds through their term and/or all or a portion of the principal amount of bonds for a portion of the period they are outstanding) will be hedged with the 2012/2011 Future Swaps defined below. The principal amount of each issue of 2012/2011/Future Bonds which is so hedged is hereinafter referred to as the "2/1/2013_2011 Bonds," the "2/1/2014_2011 Bonds," the "2/1/2015_2011 Bonds," etc., respectively, and collectively, as the "Hedged 2012/2011/Future Bonds." It is expected that each issue of the 2012/2011/Future Bonds will be issued for a combination of refunding and new money purposes and will bear interest at a rate equal to the SIFMA rate plus a spread to be established at the time of marketing or, if issued in the form of VRDBs, at rates comparable to the SIFMA rate. The Hedged 2012/2011/Future Bonds are expected to have the additional characteristics set forth on Attachment III.

It is the intention of the Commonwealth that separate components of the Terminated 2011 Swap (such components being referred to as the "2/1/2013_2011 Swap," the "2/1/2014_2011 Swap," the "2/1/2015_2011 Swap," etc., respectively, and collectively as the "Future Swaps") serve as "qualified hedges" with respect to each of the issues of Hedged 2012/2011/Future Bonds. Pursuant to Treasury Regulations Sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5)(iv), the undersigned hereby identifies on behalf of the Commonwealth on its books and records for each identified issue of Hedged 2012/2011/Future Bonds, the component of the Terminated 2011 Swap on Attachment IV.

The fixed payer rates of the 2012_2011 Future Swaps will be the mid-market fixed payer rates for the respective 2012_2011 Future Swaps, based on mid-market swap rates as of the close of business on February 1, 2012, as determined by the Swap Adviser.

The undersigned hereby represents as follows on behalf of the Commonwealth with respect to each of the Future Swaps:

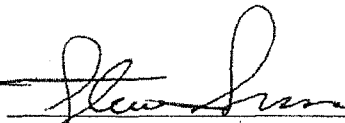
1. Each of the Future Swaps will be used primarily to reduce the Commonwealth's risk of interest rate changes with respect to the related issue of 2012/2011/Future Bonds;
2. None of the Future Swaps will include any significant investment element (i.e., an expected return);
3. The Counterparty is not a related party (within the meaning of Treasury Regulations Section 1.150-1(b)) to the Commonwealth;
4. During the term thereof, each Future Swap will cover in whole or in part groups of the related 2012/2011/Future Bonds which bear interest at the same variable rate;
5. Each of the Future Swaps is primarily interest based;
6. Payments to the Commonwealth under each Future Swap will correspond closely in time to payments of interest accruing on the related issue of 2012/2011/Future Bonds;

7. Arbitrage potential was not and is not a principal purpose for entering into or allocating any of the Future Swaps to any of the related issues of 2012/2011/ Future Bonds;
8. Payments on the Future Swaps will be made from the same source of funds as payments on the 2012/2011/Future Bonds;
9. The variable component of interest on each issue of the 2012/2011/Future Bonds (i.e., the SIFMA Index) is the same as or comparable to the variable rate of interest specified in the related Future Swap; and
10. Treasury Regulations Section 1.148-4(h)(5)(iii) shall apply to each of the Future Swaps.

In accordance with Proposed Treasury Regulations Section 1.148-11(k)(2)(iii), the Commonwealth hereby elects to apply Proposed Treasury Regulations Sections 1.148-4(h)(2)(ii)(A), 1.148-4(h)(2)(v), 1.148-4(h)(2)(vi), 1.148-4(h)(2)(viii), 1.148-4(h)(3)(iv)(B), and 1.148-4(h)(4)(i)(C) as published in the Federal Register on September 26, 2007, to each of the Future Swaps.

Dated: February 3, 2012.

THE COMMONWEALTH OF
MASSACHUSETTS

By: 
Title: Treasurer and Receiver-General

Attachment I
The Terminated 2011 Swap

	Original			Revised	
	Balances	Original	Revised	Balances	Balance of Terminated Amount
Date	Balances	Amortization	Amortization	Balances	
2/1/2012	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2013	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2014	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2015	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2016	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2017	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2018	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2019	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2020	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2021	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2022	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2023	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2024	145,430,000.00			121,280,000.00	24,150,000.00
2/1/2025	98,955,000.00	46,475,000	38,757,395.31	82,522,604.69	16,432,395.31
2/1/2026	96,295,000.00	2,660,000	2,218,282.34	80,304,322.35	15,990,677.65
2/1/2027	930,000.00	95,365,000	79,528,757.48	775,564.88	154,435.12
2/1/2028		930,000.00	775,564.88		-

Attachment II
The Remaining Terminated 2011 Swap

Date	2012/2011A Bonds	2012/2011A Bond Balances	Terminated 2011 Swap Notional	2012/2011A Swap Notional Amount	Hedged 2012/2011A Bonds	Remaining Terminated 2011 Swap Notional Amount
2/1/2012		\$ 24,420,000	\$ 24,150,000.00	\$ 24,150,000		\$ -
9/1/2012	\$ 3,440,000	20,980,000	\$ 24,150,000.00	\$ 20,980,000	\$ 3,170,000	\$ 3,170,000.00
2/1/2013	\$ 1,845,000	19,135,000	\$ 24,150,000.00	\$ 19,135,000	\$ 1,845,000	\$ 5,015,000.00
9/1/2013	\$ 1,640,000	17,495,000	\$ 24,150,000.00	\$ 17,495,000	\$ 1,640,000	\$ 6,655,000.00
2/1/2014	\$ 1,850,000	15,645,000	\$ 24,150,000.00	\$ 15,645,000	\$ 1,850,000	\$ 8,505,000.00
9/1/2014	\$ 4,095,000	11,550,000	\$ 24,150,000.00	\$ 11,550,000	\$ 4,095,000	\$ 12,600,000.00
2/1/2015	\$ 1,845,000	9,705,000	\$ 24,150,000.00	\$ 9,705,000	\$ 1,845,000	\$ 14,445,000.00
9/1/2015	\$ 5,125,000	4,580,000	\$ 24,150,000.00	\$ 4,580,000	\$ 5,125,000	\$ 19,570,000.00
2/1/2016	\$ 3,490,000	1,090,000	\$ 24,150,000.00	\$ 1,090,000	\$ 3,490,000	\$ 23,060,000.00
9/1/2016	\$ 1,090,000	0	\$ 24,150,000.00		\$ 1,090,000	\$ 24,150,000.00
2/1/2017			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2018			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2019			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2020			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2021			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2022			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2023			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2024			\$ 24,150,000.00			\$ 24,150,000.00
2/1/2025			\$ 16,432,395.31			\$ 16,432,395.31
2/1/2026			\$ 15,990,677.65			\$ 15,990,677.65
2/1/2027			\$ 154,435.12			\$ 154,435.12
2/1/2028			\$ -			\$ -

\$24,420,000

Attachment III
The 2012/Future Refunding Bonds

	2/1/2013_2011 Bonds	2/1/2014_2011 Bonds	2/1/2015_2011 Bonds	2/1/2016_2011 Bonds
Expected Issue Date	2/1/2013	2/1/2014	2/1/2015	2/1/2016
Expected Issue Price	\$1,845,000	\$1,850,000	\$7,185,000	
Referenced Swap	2/1/2013_2011 Swap	2/1/2014_2011 Swap	2/1/2015_2011 Swap	2/1/2016_2011 Swap
Expected Maturities:				
2/1/2013				
2/1/2014				
2/1/2015	\$925,000	\$925,000		
2/1/2016	\$920,000	\$925,000	\$1,850,000	
2/1/2017			\$1,850,000	\$3,595,000
2/1/2018				\$3,590,000
2/1/2019				
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				
2/1/2026				
2/1/2027				
2/1/2028				

	2/1/2017_2011 Bonds	2/1/2018_2011 Bonds	2/1/2019_2011 Bonds	2/1/2020_2011 Bonds
Expected Issue Date	2/1/2017	2/1/2018	2/1/2019	2/1/2020
Expected Issue Price	\$5,445,000	\$6,310,000	\$5,880,000	\$6,095,000
Referenced Swap	2/1/2017_2011 Swap	2/1/2018_2011 Swap	2/1/2019_2011 Swap	2/1/2020_2011 Swap
Expected Maturities:				
2/1/2013				
2/1/2014				
2/1/2015				
2/1/2016				
2/1/2017				
2/1/2018	\$2,720,000			
2/1/2019	\$2,725,000	\$3,155,000		
2/1/2020		\$3,155,000	\$2,940,000	
2/1/2021			\$2,940,000	\$3,050,000
2/1/2022				\$3,045,000
2/1/2023				
2/1/2024				
2/1/2025				
2/1/2026				
2/1/2027				
2/1/2028				

	2/1/2021_2011 Bonds	2/1/2022_2011 Bonds	2/1/2023_2011 Bonds	2/1/2024_2011 Bonds
Expected Issue Date	2/1/2021	2/1/2022	2/1/2023	2/1/2024
Expected Issue Price	\$5,990,000	\$6,040,000	\$6,015,000	\$6,030,000
Referenced Swap	2/1/2021_2011 Swap	2/1/2022_2011 Swap	2/1/2023_2011 Swap	2/1/2024_2011 Swap
Expected Maturities:				
2/1/2013				
2/1/2014				
2/1/2015				
2/1/2016				
2/1/2017				
2/1/2018				
2/1/2019				
2/1/2020				
2/1/2021				
2/1/2022	\$2,995,000			
2/1/2023	\$2,995,000	\$3,020,000		
2/1/2024		\$3,020,000	\$3,010,000	
2/1/2025			\$3,005,000	\$3,015,000
2/1/2026				\$3,015,000
2/1/2027				
2/1/2028				

	2/1/2025_2011 Bonds	2/1/2026_2011 Bonds
Expected Issue Date	2/1/2025	2/1/2026
Expected Issue Price	\$6,020,000	\$6,025,000
Referenced Swap	2/1/2025_2011 Swap	2/1/2026_2011 Swap
Expected Maturities:		
2/1/2013		
2/1/2014		
2/1/2015		
2/1/2016		
2/1/2017		
2/1/2018		
2/1/2019		
2/1/2020		
2/1/2021		
2/1/2022		
2/1/2023		
2/1/2024		
2/1/2025		
2/1/2026	\$3,010,000	
2/1/2027	\$3,010,000	\$3,015,000
2/1/2028		\$3,010,000

Attachment IV
The 2012_2011 Future Swaps

Swap:	2/1/2013_2011 Swap	2/1/2014_2011 Swap	2/1/2015_2011 Swap	2/1/2016_2011 Swap
Start Date	2/1/2013	2/1/2014	2/1/2015	2/1/2016
Notional Amount				
2/1/2012				
9/1/2012				
2/1/2013	\$1,845,000			
9/1/2013	\$1,845,000			
2/1/2014	\$1,845,000	\$1,850,000		
9/1/2014	\$1,845,000	\$1,850,000		
2/1/2015	\$920,000	\$925,000	\$3,700,000	
9/1/2015	\$920,000	\$925,000	\$3,700,000	
2/1/2016	0	0	\$1,850,000	\$7,185,000
9/1/2016			0	\$3,590,000
2/1/2017				0
2/1/2018				
2/1/2019				
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				
2/1/2026				
2/1/2027				
2/1/2028				

Swap:	2/1/2017_2011 Swap	2/1/2018_2011 Swap	2/1/2019_2011 Swap	2/1/2020_2011 Swap
Start Date	2/1/2017	2/1/2018	2/1/2019	2/1/2020
Notional Amount				
2/1/2012				
9/1/2012				
2/1/2013				
9/1/2013				
2/1/2014				
9/1/2014				
2/1/2015				
9/1/2015				
2/1/2016				
9/1/2016				
2/1/2017	\$5,445,000			
2/1/2018	\$2,725,000	\$6,310,000		
2/1/2019	0	\$3,155,000	\$5,880,000	
2/1/2020		0	\$2,940,000	\$6,095,000
2/1/2021			0	\$3,045,000
2/1/2022				0
2/1/2023				
2/1/2024				
2/1/2025				
2/1/2026				
2/1/2027				
2/1/2028				

Swap:	2/1/2021_2011 Swap	2/1/2022_2011 Swap	2/1/2023_2011 Swap	2/1/2024_2011 Swap
Start Date	2/1/2021	2/1/2022	2/1/2023	2/1/2024
Notional Amount				
2/1/2012				
9/1/2012				
2/1/2013				
9/1/2013				
2/1/2014				
9/1/2014				
2/1/2015				
9/1/2015				
2/1/2016				
9/1/2016				
2/1/2017				
2/1/2018				
2/1/2019				
2/1/2020				
2/1/2021	\$5,990,000			
2/1/2022	\$2,995,000	\$ 6,040,000.00		
2/1/2023	0	\$ 3,020,000.00	\$ 6,015,000.00	
2/1/2024		0	\$ 3,005,000.00	\$ 6,030,000.00
2/1/2025			0	\$ 3,015,000.00
2/1/2026				0
2/1/2027				
2/1/2028				

Swap:	2/1/2025_2011 Swap	2/1/2026_2011 Swap
Start Date	2/1/2025	2/1/2026
Notional Amount		
2/1/2012		
9/1/2012		
2/1/2013		
9/1/2013		
2/1/2014		
9/1/2014		
2/1/2015		
9/1/2015		
2/1/2016		
9/1/2016		
2/1/2017		
2/1/2018		
2/1/2019		
2/1/2020		
2/1/2021		
2/1/2022		
2/1/2023		
2/1/2024		
2/1/2025	\$ 6,020,000.00	
2/1/2026	\$ 3,010,000.00	\$ 6,025,000.00
2/1/2027	0	\$ 154,435.12
2/1/2028		0

**THE COMMONWEALTH OF MASSACHUSETTS
IDENTIFICATION OF SWAP TRANSACTIONS**

This Swap Identification Certificate is executed and delivered by The Commonwealth of Massachusetts (the "Commonwealth"), in connection with the issuance of \$171,145,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 aggregate stated principal amount of General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "2012 Bonds").

On February 17, 2005, The Commonwealth of Massachusetts (the "Commonwealth"), identified on its books and records an interest rate swap transaction (the "Original Swap") as entered into by the Commonwealth and Citibank, N.A. (the "Counterparty") in anticipation of the issuance of \$562,695,000 of General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005A Bonds"). Upon issuance of the 2005A Bonds, the Commonwealth treated the Original Swap as a "qualified hedge" within the meaning of Treasury Regulations Section 1.148-4(h)(2) and treated the 2005A Bonds as fixed rate bonds under Treasury Regulations Section 1.148-4(h)(4). The final stated maturity of the 2005A Bonds is February 1, 2028 and the Original Swap terminates on such date by its terms.

On March 11, 2010, the Commonwealth sold \$538,120,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 A Bonds") for the purpose of financing the redemption of all of the outstanding 2005A Bonds on March 24, 2010. A \$150,000,000 portion of the 2010 A Bonds mature on 2/1/2012 (the "2010/2012 Maturity").

Bond Counsel to the Commonwealth advised the Commonwealth that the Original Swap was deemed terminated upon the redemption of the 2005A Bonds, even though the Original Swap did not actually terminate and continued in full force and effect. In its Tax and Swap Identification Certificate with respect to the 2010 A Bonds, the Commonwealth identified a component of the Original Swap as a "qualified hedge" with respect to the 2010 A Bonds and other components of the Original Swap as "anticipatory hedges" with respect to anticipated future refundings of the maturities of the 2010 A Bonds as they come due. The component so identified with respect to the then anticipated refunding of the 2010/2012 Maturity (the "Anticipated 2012 Swap") comprises the notional amounts in the table set forth below:

<u>Date(s)</u>	<u>Notional Amount</u>
From 2/1/2012 to 2/1/2021	\$145,290,000
2/1/2022	\$136,295,000
2/1/2023	\$69,410,000
2/1/2024	\$13,110,000
2/1/2025	0

Contemporaneously with the identification of the Anticipated 2012 Swap, Swap Financial Group, LLC (the "Swap Advisor") determined that the "mid-market" fixed payer rate for the Anticipated 2012 Swap was 3.7399%. Such identification was made in anticipation of the issuance of bonds to refund the 2010/2012 Maturity that would mature in years 2022 through 2025.

The bonds being issued to refund the 2010/2012 Maturity (the "2012/2010A Bonds") are part of a larger multipurpose bond issue. Edwards Wildman Palmer, as Bond Counsel, has advised the Commonwealth that for tax purposes, the 2012/2010A Bonds consist of a prorata portion of each maturity of each series of the 2012 Bonds. Accordingly, the 2012/2010A Bonds consist of the following principal amounts of the 2012 Bonds maturing on the dates indicated:

Date	2012/2010A Bonds Maturities
9/1/2012	\$ 20,670,000
2/1/2013	11,095,000
9/1/2013	9,865,000
2/1/2014	11,095,000
9/1/2014	24,605,000
2/1/2015	11,095,000
9/1/2015	30,800,000
2/1/2016	20,970,000
9/1/2016	6,530,000

Bond Counsel has further advised the Commonwealth that the portion of the Anticipated 2012 Swap with a notional amount in excess of the principal amount of the outstanding 2012/2010A Bonds from time to time will be deemed terminated on 2/1/2012 when the proceeds of the 2012/2010 A Bonds are applied to the payment of the 2010/2012 Maturity. The portion of the Anticipated 2012 Swap which will terminate (the "Terminated 2012 Swap") is described in Attachment I hereto.

It is the intention of the Commonwealth, as of the date hereof, that all or a portion of each of the February 1 maturities of the 2011 Bonds and the 2012 Bonds, together with all or a portion of the February 1 maturities of each series of the 2012/Future Bonds, as defined below, be refinanced by the issuance of refunding bonds (the "2012/Future Bonds"). As further described below, all or a portion of each issue of 2012/Future Bonds (such portion being a portion of the principal amount of bonds through their term and/or all or a portion of the principal amount of bonds for a portion of the period they are outstanding) will be hedged with the 2012 Future Swaps defined below. The principal amount of each issue of 2012/Future Bonds which is so hedged is hereinafter referred to as the "2/1/2013 Bonds," the "2/1/2014 Bonds," the "2/1/2015 Bonds," etc., respectively, and collectively, as the "Hedged 2012/Future Bonds." It is expected that each issue of the 2012/Future Bonds will be issued for a combination of refunding and new money purposes and will bear interest at a rate equal to the SIFMA rate plus a spread to be established at the time of marketing or, if issued in the form of VRDBs, at rates comparable to the SIFMA rate. The Hedged 2012/Future Bonds are expected to have the additional characteristics set forth on Attachment II.

It is the intention of the Commonwealth that separate components of the Terminated 2012 Swap (such components being referred to as the "2/1/2013 Swap," the "2/1/2014 Swap," the "2/1/2015 Swap," etc., respectively, and collectively as the "2012 Future Swaps") serve as "qualified hedges" with respect to each of the issues of Hedged 2012/Future Bonds. Pursuant to Treasury Regulations Sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5)(iv), the undersigned hereby identifies on behalf of the Commonwealth on its books and records for each identified issue of Hedged 2012/Future Bonds, the component of the Terminated 2012 Swap on Attachment III:

The fixed payer rates of the 2012 Future Swaps will be the mid-market fixed payer rates for the respective 2012 Future Swaps, based on mid-market swap rates as of the close of business on February 1, 2012, as determined by the Swap Adviser.

The undersigned hereby represents as follows on behalf of the Commonwealth with respect to each of the 2012 Future Swaps:

1. Each of the Future Swaps will be used primarily to reduce the Commonwealth's risk of interest rate changes with respect to the related issue of Hedged 2012/Future Bonds;
2. None of the Future Swaps will include any significant investment element (i.e., an expected return);
3. The Counterparty is not a related party (within the meaning of Treasury Regulations Section 1.150-1(b)) to the Commonwealth;
4. During the term thereof, each Future Swap will cover in whole or in part groups of the related Hedged 2012/Future Bonds which bear interest at the same variable rate;
5. Each of the Future Swaps is primarily interest based;
6. Payments to the Commonwealth under each Future Swap will correspond closely in time to payments of interest accruing on the related issue of Hedged 2012/Future Bonds;
7. Arbitrage potential was not and is not a principal purpose for entering into or allocating any of the Future Swaps to any of the related issues of Hedged 2012/Future Bonds;
8. Payments on the Future Swaps will be made from the same source of funds as payments on the Hedged 2012/Future Bonds;
9. The variable component of interest on each issue of the Hedged 2012/Future Bonds will be the same as or comparable to the variable rate of interest specified in the related Future Swap (i.e., the SIFMA Index) ; and
10. Treasury Regulations Section 1.148-4(h)(5)(iii) shall apply to each of the Future Swaps

In accordance with Proposed Treasury Regulations Section 1.148-11(k)(2)(iii), the Commonwealth hereby elects to apply Proposed Treasury Regulations Sections 1.148-4(h)(2)(ii)(A), 1.148-4(h)(2)(v), 1.148-4(h)(2)(vi), 1.148-4(h)(2)(viii), 1.148-4(h)(3)(iv)(B), and 1.148-4(h)(4)(i)(C) as published in the Federal Register on September 26, 2007, to each of the Future Swaps.

Dated: February 3, 2012.

THE COMMONWEALTH OF
MASSACHUSETTS

By: 

Title: Treasurer and Receiver General

Attachment I
Terminated Portion of the Anticipated 2012 Swap

	Anticipated 2012	2012/2010A		2012/2010A	Terminated
	Swap	Bonds		Bond	2012
Date	Notional Amount	Maturities	2012/2010A	Swap	Swap
			Bonds Balance	Notional Amount	
2/1/2012	145,290,000		146,725,000	145,290,000	0
9/1/2012	145,290,000	20,670,000	126,055,000	126,055,000	19,235,000
2/1/2013	145,290,000	11,095,000	114,960,000	114,960,000	30,330,000
9/1/2013	145,290,000	9,865,000	105,095,000	105,095,000	40,195,000
2/1/2014	145,290,000	11,095,000	94,000,000	94,000,000	51,290,000
9/1/2014	145,290,000	24,605,000	69,395,000	69,395,000	75,895,000
2/1/2015	145,290,000	11,095,000	58,300,000	58,300,000	86,990,000
9/1/2015	145,290,000	30,800,000	27,500,000	27,500,000	117,790,000
2/1/2016	145,290,000	20,970,000	6,530,000	6,530,000	138,760,000
9/1/2016	145,290,000	6,530,000	0	0	145,290,000
2/1/2017	145,290,000				145,290,000
2/1/2018	145,290,000				145,290,000
2/1/2019	145,290,000				145,290,000
2/1/2020	145,290,000				145,290,000
2/1/2021	145,290,000				145,290,000
2/1/2022	136,295,000				136,295,000
2/1/2023	69,410,000				69,410,000
2/1/2024	13,110,000				13,110,000
2/1/2025	0				0

Attachment II
The Hedged 2012/Future Bonds

	2/1/2013 Bonds	2/1/2014 Bonds	2/1/2015 Bonds	2/1/2016 Bonds
Expected Issue Date	2/1/2013	2/1/2014	2/1/2015	2/1/2016
Expected Issue Price	\$60,165,000	\$53,140,000	\$71,610,000	\$110,490,000
Referenced Swap	2/1/2013 Swap	2/1/2014 Swap	2/1/2015 Swap	2/1/2016 Swap
Expected Maturities:				
2/1/2013				
2/1/2014				
2/1/2015	\$30,080,000			
2/1/2016	\$30,080,000	\$53,140,000		
2/1/2017				
2/1/2018			\$71,610,000	
2/1/2019				\$110,490,000
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2017 Bonds	2/1/2018 Bonds	2/1/2019 Bonds	2/1/2020 Bonds
Expected Issue Date	2/1/2017	2/1/2018	2/1/2019	2/1/2020
Expected Issue Price	\$91,050,000	\$100,770,000	\$95,910,000	\$98,340,000
Referenced Swap	2/1/2017 Swap	2/1/2018 Swap	2/1/2019 Swap	2/1/2020 Swap
Expected Maturities:				
2/1/2013				
2/1/2014				
2/1/2015				
2/1/2016				
2/1/2017				
2/1/2018				
2/1/2019	\$91,050,000			
2/1/2020		\$100,770,000		
2/1/2021			\$95,910,000	
2/1/2022				\$98,340,000
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2021 Bonds	2/1/2022 Bonds	2/1/2023 Bonds
Expected Issue Date	2/1/2021	2/1/2022	2/1/2023
Expected Issue Price	\$97,125,000	\$146,295,000	\$13,110,000
Referenced Swap	2/1/2021 Swap	2/1/2022 Swap	2/1/2023 Swap
Expected Maturities:			
2/1/2013			
2/1/2014			
2/1/2015			
2/1/2016			
2/1/2017			
2/1/2018			
2/1/2019			
2/1/2020			
2/1/2021			
2/1/2022			
2/1/2023	\$97,125,000		
2/1/2024		\$146,295,000	
2/1/2025			\$13,110,000

Attachment III
The 2012 Future Swaps

	2/1/2013 Swap Notional	2/1/2014 Swap Notional	2/1/2015 Swap Notional	2/1/2016 Swap Notional
Start Date	2/1/2013	2/1/2015	2/1/2015	2/1/2017
Notional Amount				
2/1/2013	\$30,330,000			
9/1/2013	\$40,195,000			
2/1/2014	\$51,290,000			
9/1/2014	\$60,165,000			
2/1/2015	\$30,085,000	\$53,140,000	\$3,770,000	
9/1/2015	\$30,085,000	\$53,140,000	\$64,650,000	
2/1/2016			\$71,610,000	
2/1/2017				\$110,490,000
2/1/2018				
2/1/2019				
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2017 Swap Notional	2/1/2018 Swap Notional	2/1/2019 Swap Notional	2/1/2020 Swap Notional
Start Date	2/1/2017	2/1/2018	2/1/2029	2/1/2020
Notional Amount				
2/1/2013				
9/1/2013				
2/1/2014				
9/1/2014				
2/1/2015				
9/1/2015				
2/1/2016				
2/1/2017	\$34,800,000			
2/1/2018	\$91,050,000	\$54,240,000		
2/1/2019		\$100,770,000	\$44,520,000	
2/1/2020			\$95,910,000	\$49,380,000
2/1/2021				\$98,340,000
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2021 Swap Notional	2/1/2022 Swap Notional	2/1/2023 Swap Notional
Start Date	2/1/2021	2/1/2022	2/1/2024
Notional Amount			
2/1/2013			
9/1/2013			
2/1/2014			
9/1/2014			
2/1/2015			
9/1/2015			
2/1/2016			
2/1/2017			
2/1/2018			
2/1/2019			
2/1/2020			
2/1/2021	\$ 46,950,000		
2/1/2022	\$ 97,125,000	\$ 39,170,000	
2/1/2023		\$ 69,410,000	
2/1/2024			\$ 13,110,000
2/1/2025			

THE COMMONWEALTH OF MASSACHUSETTS
IDENTIFICATION OF SWAP TRANSACTIONS

This Swap Identification Certificate is executed and delivered by The Commonwealth of Massachusetts (the "Commonwealth"), in connection with the issuance of \$171,145,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 aggregate stated principal amount of General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "2012 Bonds"). The purposes for which the 2012 Bonds are being issued include the refunding of the 1998A Bonds, as defined below, the refunding of portions of two additional outstanding issues and the financing of new capital projects.

On August 27, 1998, The Commonwealth of Massachusetts (the "Commonwealth") entered into an interest rate swap transaction (the "Original 1998 Swap") with Salomon Swapco Inc. (the "Counterparty," now known as Citi Swapco Inc) in anticipation of the issuance of \$249,760,000 of General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A (the "1998A Bonds") and \$249,760,000 of General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series B (the "1998B Bonds" and, together with the 1998A Bonds, the "1998 Bonds"). Upon issuance of the 1998 Bonds, the Commonwealth treated the Original Swap and a second interest rate swap entered into with Lehman Brothers Derivative Products Inc. (the "Lehman Swap") as "qualified hedges" within the meaning of Treasury Regulations Section 1.148-4(h)(2) and treated the 1998 Bonds as fixed rate bonds under Treasury Regulations Section 1.148-4(h)(4). On November 17, 2008, the Lehman Swap was terminated and replaced by an interest rate swap (the "DB Swap") with Deutsche Bank AG which was not treated as a qualified hedge with respect to a portion of the 1998A Bonds.

The final stated maturity of the 1998A Bonds is September 1, 2016 and the Original 1998 Swap terminates on such date by its terms.

The amortization of the notional amounts of the Original 1998 Swap and the DB Swap are as set forth below:

Date	Original 1998 Swap Notional Amortization	DB Swap Notional Amortization
2/8/2012		
9/1/2012	32,164,000.00	8,041,000.00
2/1/2013		
9/1/2013	24,902,000.00	6,223,000.00
2/1/2014		
9/1/2014	42,092,000.00	10,523,000.00
2/1/2015		
9/1/2015	37,730,000.00	9,435,000.00
2/1/2016		
9/1/2016	16,070,000.00	4,015,000.00
Total	152,958,000.00	38,237,000.00

The remaining notional amounts of the Original 1998 Swap and DB Swap are as set forth below:

Date	Original 1998 Swap Notional Amount	DB Swap Notional Amount
1/24/2012	152,958,000	38,237,000
9/1/2012	120,794,000	30,196,000
9/1/2013	95,892,000	23,973,000
9/1/2014	53,800,000	13,450,000
9/1/2015	16,070,000	4,015,000
9/1/2016	-	-

The 2012 Bonds issued to refund the 1998A Bonds (the "2012/1998A Bonds") and the 2012 Bonds issued to finance the new capital projects (the "2012/NM Bonds") are part of a multipurpose bond issue. Edwards Wildman Palmer LLP, as Bond Counsel, has advised the Commonwealth that for tax purposes, the 2012/1998A Bonds, the 2012/NM Bonds and the 2012 Bonds issued to refund the other two outstanding issues (hereinafter referred to as the "2012/2010A Bonds" and the "2012/2011A Bonds") each consists of a prorata portion of each maturity of each series of the 2012 Bonds. Accordingly, the components of the 2012 Bonds consist of the following principal amounts of the 2012 Bonds maturing on the dates indicated:

Maturity	2012/1998A Bonds	2012/2010A Bonds	2012/2011A Bonds	2012/NM Bonds	Total
9/1/2012	27,010,000	20,670,000	3,440,000	14,085,000	65,205,000
2/1/2013	14,500,000	11,095,000	1,845,000	7,560,000	35,000,000
9/1/2013	12,895,000	9,865,000	1,640,000	6,725,000	31,125,000
2/1/2014	14,490,000	11,095,000	1,850,000	7,565,000	35,000,000
9/1/2014	32,150,000	24,605,000	4,095,000	16,765,000	77,615,000
2/1/2015	14,495,000	11,095,000	1,845,000	7,565,000	35,000,000
9/1/2015	40,250,000	30,800,000	5,125,000	20,990,000	97,165,000
2/1/2016	27,390,000	20,970,000	3,490,000	14,295,000	66,145,000
9/1/2016	8,525,000	6,530,000	1,090,000	4,450,000	20,595,000
Total	191,705,000	146,725,000	24,420,000	100,000,000	

Edwards Wildman Palmer LLP, Bond Counsel to the Commonwealth has advised the Commonwealth that the Original 1998 Swap will be deemed terminated upon the redemption of the 1998A Bonds on February 8, 2012, even though the Original 1998 Swap will not actually terminate and will continue in full force and effect. Upon the deemed termination of the Original 1998 Swap, the terminated swap be treated as a newly executed interest rate swap (to the extent identified below as a qualified hedge with respect to the 2012 Bonds, the "2012/1998A Swap") as of February 8, 2012, the date of deemed termination. The fixed payer rate of the 2012/1998A Swap shall be the mid-market fixed payer rate as of the close of business on February 8, 2012, as determined by Swap Financial Group LLC which has been retained by the Commonwealth as Swap Advisor.

The portion of the Original 1998 Swap constituting the 2012/1998A Swap is as described below:

Date	Original 1998 Swap Amortization	2012/1998A Swap Amortization	Terminated Portions Of Original 1998 Swap
1/24/2012		-	-
9/1/2012	32,164,000.00	32,164,000	
2/1/2013		11,505,000	11,505,000*
9/1/2013	24,902,000.00	13,397,000	
2/1/2014		3,700,000	3,700,000**
9/1/2014	42,092,000.00	38,392,000	
2/1/2015			
9/1/2015	37,730,000.00	37,730,000	
2/1/2016		7,110,000	7,110,000***
9/1/2016	16,070,000.00	8,960,000	

*Portion terminated from 2/1/2013 through 9/1/2013.

**Portion terminated from 2/1/2014 through 9/1/2014.

***Portion terminated from 2/1/2016 through 9/1/2016.

The portion specified above in the column identified as "Terminated Portions of Original 1998 Swap" will be treated as terminating on the date of redemption of the 1998A Bonds and not further treated as a newly executed interest rate swap. Such terminated portions represent the portions of the notional amount of the Original 1998 Swap which, because of the pro rata allocation under the multipurpose issue allocation rules and the resulting treatment of each component part of the 2012 Bonds as amortizing on 2/1 and 9/1 of each year, exceed the otherwise unhedged amounts of 2012/1998A and 2012/NM Bonds for the period from 2/1 to 9/1 of each of the indicated years.

The components of the 2012/1998A Swap, in notional amounts corresponding to the maturity amounts of the 2012/1998A and 2012/NM Bonds to be hedged as set forth below are each hereby identified on the books and records of the Commonwealth as a qualified hedge with respect to the following components of the 2012 Bonds:

Date	Maturities of 2012/1998A Bonds	Maturities of 2012/1998A Bonds To be Hedged by 2012/1998A Swap	Maturities of 2012/NM Bonds	Maturities of 2012/NM Bonds To be Hedged by 2012/1998A Swap
2/8/2012				
9/1/2012	27,010,000	18,969,000	14,085,000	13,195,000
2/1/2013	14,500,000	11,505,000	7,560,000	
9/1/2013	12,895,000	6,672,000	6,725,000	6,725,000
2/1/2014	14,490,000	3,700,000	7,565,000	-
9/1/2014	32,150,000	21,627,000	16,765,000	16,765,000
2/1/2015	14,495,000		7,565,000	-
9/1/2015	40,250,000	30,815,000	20,990,000	6,915,000
2/1/2016	27,390,000	7,110,000	14,295,000	
9/1/2016	8,525,000	4,510,000	4,450,000	4,450,000
	191,705,000	104,908,000	100,000,000	48,050,000

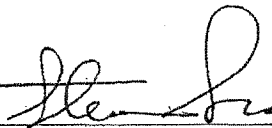
The undersigned hereby represents as follows on behalf of the Commonwealth with respect to the 2012/1998A Swap:

1. The 2012/1998A Swap will be used primarily to reduce the Commonwealth's risk of interest rate changes with respect to the related component of the 2012 Bonds Bonds;
2. The 2012/1998A Swap will not include any significant investment element (i.e., an expected return);
3. The Counterparty is not a related party (within the meaning of Treasury Regulations Section 1.150-1(b)) to the Commonwealth;
4. During the term thereof, the 2012/1998A Swap will cover in whole or in part groups of the 2012/1998A and 2012/NM Bonds which bear interest at the same variable rate;
5. The 2012/1998A Swap is primarily interest based;
6. Payments to the Commonwealth under the 2012/1998A and 2012/NM Bonds will correspond closely in time to payments of interest accruing on the 2012/1998A and 2012/NM Bonds related thereto;
7. Arbitrage potential was not and is not a principal purpose for entering into or allocating any of the 2012/1998A Swap to any of the 2012/1998A and 2012/NM Bonds;
8. Payments on the 2012/1998A Swap will be made from the same source of funds as payments on the 2012/1998A and 2012/NM Bonds; and
9. The variable component of interest on the 2012/1998A and 2012/NM Bonds (i.e., the SIFMA Index) is the same as the variable rate of interest specified in the 2012/1998A Swap.

In accordance with Proposed Treasury Regulations Section 1.148-11(k)(2)(iii), the Commonwealth hereby elects to apply Proposed Treasury Regulations Sections 1.148-4(h)(2)(ii)(A), 1.148-4(h)(2)(v), 1.148-4(h)(2)(vi), 1.148-4(h)(2)(viii), 1.148-4(h)(3)(iv)(B), and 1.148-4(h)(4)(i)(C) as published in the Federal Register on September 26, 2007, to the 2012/1998A Swap.

Dated: February 3, 2012.

THE COMMONWEALTH OF
MASSACHUSETTS

By: 
Title: Treasurer and Receiver-General

THE COMMONWEALTH OF MASSACHUSETTS
IDENTIFICATION OF SWAP TRANSACTIONS

This Swap Identification Certificate is executed and delivered by The Commonwealth of Massachusetts (the "Commonwealth"), in connection with the issuance of \$171,145,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 aggregate stated principal amount of General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "2012 Bonds").

On February 17, 2005, The Commonwealth of Massachusetts (the "Commonwealth"), identified on its books and records an interest rate swap transaction (the "Original Swap") as entered into by the Commonwealth and Citibank, N.A. (the "Counterparty") in anticipation of the issuance of \$562,695,000 of General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005A Bonds"). Upon issuance of the 2005A Bonds, the Commonwealth treated the Original Swap as a "qualified hedge" within the meaning of Treasury Regulations Section 1.148-4(h)(2) and treated the 2005A Bonds as fixed rate bonds under Treasury Regulations Section 1.148-4(h)(4). The final stated maturity of the 2005A Bonds is February 1, 2028 and the Original Swap terminates on such date by its terms.

On March 11, 2010, the Commonwealth sold \$538,120,000 aggregate stated principal amount of General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 A Bonds") for the purpose of financing the redemption of all of the outstanding 2005A Bonds on March 24, 2010. A \$150,000,000 portion of the 2010 A Bonds mature on 2/1/2012 (the "2010/2012 Maturity").

Bond Counsel to the Commonwealth advised the Commonwealth that the Original Swap was deemed terminated upon the redemption of the 2005A Bonds, even though the Original Swap did not actually terminate and continued in full force and effect. In its Tax and Swap Identification Certificate with respect to the 2010 A Bonds, the Commonwealth identified a component of the Original Swap as a "qualified hedge" with respect to the 2010 A Bonds and other components of the Original Swap as "anticipatory hedges" with respect to anticipated future refundings of the maturities of the 2010 A Bonds as they come due. The component so identified with respect to the then anticipated refunding of the 2010/2012 Maturity (the "Anticipated 2012 Swap") comprises the notional amounts in the table set forth below:

<u>Date(s)</u>	<u>Notional Amount</u>
From 2/1/2012 to 2/1/2021	\$145,290,000
2/1/2022	\$136,295,000
2/1/2023	\$69,410,000
2/1/2024	\$13,110,000
2/1/2025	0

Contemporaneously with the identification of the Anticipated 2012 Swap, Swap Financial Group, LLC (the "Swap Advisor") determined that the "mid-market" fixed payer rate for the Anticipated 2012 Swap was 3.7399%. Such identification was made in anticipation of the issuance of bonds to refund the 2010/2012 Maturity that would mature in years 2022 through 2025.

The bonds being issued to refund the 2010/2012 Maturity (the "2012/2010A Bonds") are part of a larger multipurpose bond issue. Edwards Wildman Palmer, as Bond Counsel, has advised the Commonwealth that for tax purposes, the 2012/2010A Bonds consist of a prorata portion of each maturity of each series of the 2012 Bonds. Accordingly, the 2012/2010A Bonds consist of the following principal amounts of the 2012 Bonds maturing on the dates indicated:

Date	2012/2010A Bonds Maturities
9/1/2012	\$ 20,670,000
2/1/2013	11,095,000
9/1/2013	9,865,000
2/1/2014	11,095,000
9/1/2014	24,605,000
2/1/2015	11,095,000
9/1/2015	30,800,000
2/1/2016	20,970,000
9/1/2016	6,530,000

Bond Counsel has further advised the Commonwealth that the portion of the Anticipated 2012 Swap with a notional amount in excess of the principal amount of the outstanding 2012/2010A Bonds from time to time will be deemed terminated on 2/1/2012 when the proceeds of the 2012/2010 A Bonds are applied to the payment of the 2010/2012 Maturity. The portion of the Anticipated 2012 Swap which will terminate (the "Terminated 2012 Swap") is described in Attachment I hereto.

It is the intention of the Commonwealth, as of the date hereof, that all or a portion of each of the February 1 maturities of the 2011 Bonds and the 2012 Bonds, together with all or a portion of the February 1 maturities of each series of the 2012/Future Bonds, as defined below, be refinanced by the issuance of refunding bonds (the "2012/Future Bonds"). As further described below, all or a portion of each issue of 2012/Future Bonds (such portion being a portion of the principal amount of bonds through their term and/or all or a portion of the principal amount of bonds for a portion of the period they are outstanding) will be hedged with the 2012 Future Swaps defined below. The principal amount of each issue of 2012/Future Bonds which is so hedged is hereinafter referred to as the "2/1/2013 Bonds," the "2/1/2014 Bonds," the "2/1/2015 Bonds," etc., respectively, and collectively, as the "Hedged 2012/Future Bonds." It is expected that each issue of the 2012/Future Bonds will be issued for a combination of refunding and new money purposes and will bear interest at a rate equal to the SIFMA rate plus a spread to be established at the time of marketing or, if issued in the form of VRDBs, at rates comparable to the SIFMA rate. The Hedged 2012/Future Bonds are expected to have the additional characteristics set forth on Attachment II.

It is the intention of the Commonwealth that separate components of the Terminated 2012 Swap (such components being referred to as the "2/1/2013 Swap," the "2/1/2014 Swap," the "2/1/2015 Swap," etc., respectively, and collectively as the "2012 Future Swaps") serve as "qualified hedges" with respect to each of the issues of Hedged 2012/Future Bonds. Pursuant to Treasury Regulations Sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5)(iv), the undersigned hereby identifies on behalf of the Commonwealth on its books and records for each identified issue of Hedged 2012/Future Bonds, the component of the Terminated 2012 Swap on Attachment III:

The fixed payer rates of the 2012 Future Swaps will be the mid-market fixed payer rates for the respective 2012 Future Swaps, based on mid-market swap rates as of the close of business on February 1, 2012, as determined by the Swap Adviser.

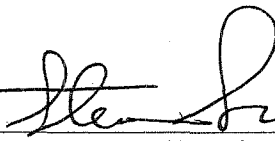
The undersigned hereby represents as follows on behalf of the Commonwealth with respect to each of the 2012 Future Swaps:

1. Each of the Future Swaps will be used primarily to reduce the Commonwealth's risk of interest rate changes with respect to the related issue of Hedged 2012/Future Bonds;
2. None of the Future Swaps will include any significant investment element (i.e., an expected return);
3. The Counterparty is not a related party (within the meaning of Treasury Regulations Section 1.150-1(b)) to the Commonwealth;
4. During the term thereof, each Future Swap will cover in whole or in part groups of the related Hedged 2012/Future Bonds which bear interest at the same variable rate;
5. Each of the Future Swaps is primarily interest based;
6. Payments to the Commonwealth under each Future Swap will correspond closely in time to payments of interest accruing on the related issue of Hedged 2012/Future Bonds;
7. Arbitrage potential was not and is not a principal purpose for entering into or allocating any of the Future Swaps to any of the related issues of Hedged 2012/Future Bonds;
8. Payments on the Future Swaps will be made from the same source of funds as payments on the Hedged 2012/Future Bonds;
9. The variable component of interest on each issue of the Hedged 2012/Future Bonds will be the same as or comparable to the variable rate of interest specified in the related Future Swap (i.e., the SIFMA Index); and
10. Treasury Regulations Section 1.148-4(h)(5)(iii) shall apply to each of the Future Swaps

In accordance with Proposed Treasury Regulations Section 1.148-11(k)(2)(iii), the Commonwealth hereby elects to apply Proposed Treasury Regulations Sections 1.148-4(h)(2)(ii)(A), 1.148-4(h)(2)(v), 1.148-4(h)(2)(vi), 1.148-4(h)(2)(viii), 1.148-4(h)(3)(iv)(B), and 1.148-4(h)(4)(i)(C) as published in the Federal Register on September 26, 2007, to the 2012/1998A Swap.

Dated: February 3, 2012.

THE COMMONWEALTH OF
MASSACHUSETTS

By: 

Title: Treasurer and Receiver-General

Attachment I
Terminated Portion of the Anticipated 2012 Swap

Date	Anticipated 2012	2012/2010A	2012/2010A Bonds Balance	2012/2010A	Terminated 2012 Swap
	Swap Notional Amount	Bonds Maturities		Bond Swap Notional Amount	
2/1/2012	145,290,000		146,725,000	145,290,000	0
9/1/2012	145,290,000	20,670,000	126,055,000	126,055,000	19,235,000
2/1/2013	145,290,000	11,095,000	114,960,000	114,960,000	30,330,000
9/1/2013	145,290,000	9,865,000	105,095,000	105,095,000	40,195,000
2/1/2014	145,290,000	11,095,000	94,000,000	94,000,000	51,290,000
9/1/2014	145,290,000	24,605,000	69,395,000	69,395,000	75,895,000
2/1/2015	145,290,000	11,095,000	58,300,000	58,300,000	86,990,000
9/1/2015	145,290,000	30,800,000	27,500,000	27,500,000	117,790,000
2/1/2016	145,290,000	20,970,000	6,530,000	6,530,000	138,760,000
9/1/2016	145,290,000	6,530,000	0	0	145,290,000
2/1/2017	145,290,000				145,290,000
2/1/2018	145,290,000				145,290,000
2/1/2019	145,290,000				145,290,000
2/1/2020	145,290,000				145,290,000
2/1/2021	145,290,000				145,290,000
2/1/2022	136,295,000				136,295,000
2/1/2023	69,410,000				69,410,000
2/1/2024	13,110,000				13,110,000
2/1/2025	0				0

Attachment II
The Hedged 2012/Future Bonds

	2/1/2013 Bonds	2/1/2014 Bonds	2/1/2015 Bonds	2/1/2016 Bonds
Expected Issue Date	2/1/2013	2/1/2014	2/1/2015	2/1/2016
Expected Issue Price	\$60,165,000	\$53,140,000	\$71,610,000	\$110,490,000
Referenced Swap	2/1/2013 Swap	2/1/2014 Swap	2/1/2015 Swap	2/1/2016 Swap
Expected Maturities:				
2/1/2013				
2/1/2014				
2/1/2015	\$30,080,000			
2/1/2016	\$30,080,000	\$53,140,000		
2/1/2017				
2/1/2018			\$71,610,000	
2/1/2019				\$110,490,000
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2017 Bonds	2/1/2018 Bonds	2/1/2019 Bonds	2/1/2020 Bonds
Expected Issue Date	2/1/2017	2/1/2018	2/1/2019	2/1/2020
Expected Issue Price	\$91,050,000	\$100,770,000	\$95,910,000	\$98,340,000
Referenced Swap	2/1/2017 Swap	2/1/2018 Swap	2/1/2019 Swap	2/1/2020 Swap
Expected Maturities:				
2/1/2013				
2/1/2014				
2/1/2015				
2/1/2016				
2/1/2017				
2/1/2018				
2/1/2019	\$91,050,000			
2/1/2020		\$100,770,000		
2/1/2021			\$95,910,000	
2/1/2022				\$98,340,000
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2021 Bonds	2/1/2022 Bonds	2/1/2023 Bonds
Expected Issue Date	2/1/2021	2/1/2022	2/1/2023
Expected Issue Price	\$97,125,000	\$146,295,000	\$13,110,000
Referenced Swap	2/1/2021 Swap	2/1/2022 Swap	2/1/2023 Swap
Expected Maturities:			
2/1/2013			
2/1/2014			
2/1/2015			
2/1/2016			
2/1/2017			
2/1/2018			
2/1/2019			
2/1/2020			
2/1/2021			
2/1/2022			
2/1/2023	\$97,125,000		
2/1/2024		\$146,295,000	
2/1/2025			\$13,110,000

Attachment III
The 2012 Future Swaps

	2/1/2013 Swap Notional	2/1/2014 Swap Notional	2/1/2015 Swap Notional	2/1/2016 Swap Notional
Start Date	2/1/2013	2/1/2015	2/1/2015	2/1/2017
Notional Amount				
2/1/2013	\$30,330,000			
9/1/2013	\$40,195,000			
2/1/2014	\$51,290,000			
9/1/2014	\$60,165,000			
2/1/2015	\$30,085,000	\$53,140,000	\$3,770,000	
9/1/2015	\$30,085,000	\$53,140,000	\$64,650,000	
2/1/2016			\$71,610,000	
2/1/2017				\$110,490,000
2/1/2018				
2/1/2019				
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2017 Swap Notional	2/1/2018 Swap Notional	2/1/2019 Swap Notional	2/1/2020 Swap Notional
Start Date	2/1/2017	2/1/2018	2/1/2029	2/1/2020
Notional Amount				
2/1/2013				
9/1/2013				
2/1/2014				
9/1/2014				
2/1/2015				
9/1/2015				
2/1/2016				
2/1/2017	\$34,800,000			
2/1/2018	\$91,050,000	\$54,240,000		
2/1/2019		\$100,770,000	\$44,520,000	
2/1/2020			\$95,910,000	\$49,380,000
2/1/2021				\$98,340,000
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				

	2/1/2021 Swap Notional	2/1/2022 Swap Notional	2/1/2023 Swap Notional
Start Date	2/1/2021	2/1/2022	2/1/2024
Notional Amount			
2/1/2013			
9/1/2013			
2/1/2014			
9/1/2014			
2/1/2015			
9/1/2015			
2/1/2016			
2/1/2017			
2/1/2018			
2/1/2019			
2/1/2020			
2/1/2021	\$ 46,950,000		
2/1/2022	\$ 97,125,000	\$ 39,170,000	
2/1/2023		\$ 69,410,000	
2/1/2024			\$ 13,110,000
2/1/2025			

CERTIFICATE OF SWAP ADVISOR

The undersigned is an officer of Swap Financial Group, LLC (the "Swap Advisor") and as such is authorized to execute and deliver this Certificate in connection with the issuance by The Commonwealth of Massachusetts (the "Commonwealth") of \$171,145,000 aggregate stated principal amount of its General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A and \$291,705,000 aggregate stated principal amount of General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (collectively, the "2012 Bonds") and the expected issuance in the future by the Commonwealth of its general obligation bonds for refunding and new money purposes (the "Future Bonds").

We have been advised by the Commonwealth that the 2012 Bonds are being issued to provide financing for new projects and for the purpose of refunding all or a portion of the following outstanding obligations:

- a. The February 1, 2012 maturity of the Commonwealth's General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 A Bonds"), which were issued to refund the Commonwealth's \$536,685,000 General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005A Bonds");
- b. The February 1, 2012 maturity of the Commonwealth's General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A (the "2011 A Bonds"), which were issued to refund the February 1, 2011 maturity of the 2010 A Bonds; and
- c. The Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A (the "1998 A Bonds").

With respect to the 2005A Bonds, the 2010 A Bonds and the 2011 A Bonds, we have been advised by the Commonwealth that:

- a. The 2005A Bonds were issued as variable rate bonds;
- b. The Commonwealth's variable interest rate exposure with respect to the 2005A Bonds was hedged by execution of an interest rate hedging agreement entered into under an ISDA Master Agreement, dated as of February 15, 2005, and a Confirmation, delivered to and confirmed by the Commonwealth by signature on February 17, 2005 (collectively, the "Original Swap"), between Citibank, N.A. (the "Counterparty") and the Commonwealth with the notional amounts, fixed payer rates and terms described in Attachment A hereto;
- c. The Commonwealth identified a portion of the Original Swap as a "qualified hedge" with respect to the 2010 Bonds (the "2010 Swap") as described in Attachment B hereto;

- d. As a result of the refunding and redemption of the 2005A Bonds, the Original Swap was deemed terminated under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") as of March 24, 2010, which is the date of redemption of the 2005A Bonds with the proceeds of the Series 2010 A Bonds, and the deemed termination value of the Original Swap was taken into account in the computation of the yield of the Series 2010 Bonds for purposes of Section 148 of the Code notwithstanding that the Original Swap was not, in fact, terminated and no termination payment was actually made;
- e. Other portions of the Original Swap, as more fully described in Attachments C-1 through C-4 hereto, were identified as anticipatory "qualified hedges" (the "Anticipated 2011 Swap," the "Anticipated 2012 Swap," the "Anticipated 2013 Swap" and the "Anticipated 2014 Swap," respectively, and collectively, the "Future Refunding Swaps") with respect to the various anticipated series of the Future Refunding Bonds as defined in the Tax and Swap Identification Certificate, dated March 19, 2010, relating to the Series 2010 A Bonds (the "Series 2010 A Tax Certificate");
- f. The then-current "mid-market" fixed payer rates for the 2010 Swap and each of the Future Refunding Swaps was determined by the Swap Advisor;
- g. The fixed payer rates for the Anticipated 2011 Swap and the Anticipated 2012 Swap as so determined were 3.6272% and 3.7399%, respectively; and
- h. The Series 2011 A Bonds mature in the years and in the amounts described in Attachment D hereto.

With respect to the Series 1998 A Bonds, we have been advised by the Commonwealth that:

- a. The Series 1998 A Bonds were issued as variable rate bonds;
- b. The Commonwealth's variable interest rate exposure with respect to the Series 1998 A Bonds was hedged by execution of two interest rate swap transactions, one with Lehman Brothers DP (the "Lehman Swap") and one with Salomon Swapco Inc. (the "Swapco Swap") which were treated as "qualified hedges" with respect to the Series 1998 A Bonds;
- c. In 2008, following the bankruptcy of Lehman Brothers DP, the Lehman Swap was terminated and a replacement swap entered into but not identified as a qualified hedge with respect to the Series 1998 A Bonds;
- d. The Swapco Swap has continued to constitute a qualified hedge with respect to the Series 1998 A Bonds with a fixed payer rate of 4.174% and the remaining amortization of the notional amount thereof as set forth in Attachment E hereto;
- e. The Series 1998 A Bonds will be redeemed on February 8, 2012.

We have been advised by Edwards Wildman Palmer LLP ("Bond Counsel") that:

- a. The 2012 Bonds are a multipurpose issue allocable on a pro rata basis among those 2012 Bonds issued to (1) refund the February 1, 2012 maturity of the Series 2010 A Bonds (the "2012/2010 Bonds"), (2) refund the February 1, 2012 maturity of the Series 2011 A Bonds (the "2012/2011 Bonds"), (3) refund the Series 1998 A Bonds (the "2012/1998 Bonds") and (4) finance the new money projects (the "2012/NM Bonds"), as set forth on Attachment F hereto;
- b. As a result of the refunding of the February 1, 2012 maturity of the Series 2010 A Bonds, the portion of the Anticipated 2012 Swap with a notional amount in excess of the 2012/2010 Bonds, as set forth on Attachment G will be deemed terminated under Section 148 of the Code as of February 1, 2012 and the deemed termination value (the "2012/2010 Termination Value") of the deemed terminated portion of the Anticipated 2012 Swap, assuming a fixed payer rate of 3.7399%, will be taken into account in the computation of the yield of the 2012 Bonds for purposes of Section 148 of the Code notwithstanding that, in fact, no termination payment will actually be made;
- c. The portion of the Anticipated 2012 Swap identified on Attachment G as the 2012/2010 Bond Swap with a fixed payer rate of 3.7399% will be taken into account in the computation of the yield of the 2012 Bonds for purposes of Section 148 of the Code;
- d. The deemed terminated portion of the Anticipated 2012 Swap will be treated as a series of newly executed interest rate swap and identified as a series of anticipatory hedges (the "2012 Future Swaps"), more fully described in Attachment H, with respect to Future Bonds;
- e. As a result of the refunding of the Series 1998 A Bonds, the Swapco Swap will be deemed terminated under Section 148 of the Code as of February 8, 2012, the date of redemption of the Series 1998 A Bonds, and the deemed termination value (the "2012/1998A Termination Value") of the Swapco Swap will be taken into account in the computation of the yield of the 2012 Bonds for purposes of Section 148 of the Code notwithstanding that, in fact, no termination payment will actually be made; and
- f. The mid-market fixed payer rate for the Swapco Swap based on mid-market swap rates as of the close of business on February 8 will be taken into account in the computation of the yield of the 2012 Bonds for purposes of Section 148 of the Code.

Based on the foregoing, the Swap Advisor hereby certifies:

1. Based on mid-market swap rates as of the close of business on February 1, 2012, assuming an effective termination date of February 1, 2012, and excluding all accruals to February 1, 2012, the 2012/2010 Termination Value to the Commonwealth was negative \$17,520,336.

2. Based on mid-market swap rates as of the close of business on February 8, 2012, assuming an effective termination date of February 8, 2012, and excluding all accruals to February 8, 2012, the deemed termination value to the Commonwealth of the Swapco Swap was negative \$13,528,483.

3. Based on mid-market swap rates as of the close of business on February 8, 2012, assuming a start date of February 8, 2012, the mid-market fixed payer rate for the Swapco Swap was 0.5147%.

3. Based on mid-market swap rates as of the close of business on February 1, 2012, the mid-market fixed payer rates for the 2012 Future Swaps are set forth on Attachment H.

4. At the request of Bond Counsel, we have also determined the termination value that would result from treating the amounts shown on Attachment D in the column labeled "Reduction in 2011 Swap" as a partial termination on February 1, 2012, of the 2011 Swap. Based on mid-market swap rates as of the close of business on February 1, 2012, assuming an effective termination date of February 1, 2012, and excluding all accruals to February 1, 2012, such termination value to the Commonwealth was negative \$4,956,040. We have further, at the request of Bond Counsel, determined (a) the mid-market fixed payer rates, based on mid-market swap rates as of the close of business on February 1, 2012, for forward-starting interest rate swap agreements having the characteristics described in Attachment I; such fixed payer rates are shown on Attachment I and (b) the mid-market fixed payer rate, based on mid-market swap rates as of the close of business on February 1, 2012, for an interest rate swap agreement having the characteristics described in the column headed "2012/2011A Swap Notional Amount" on Attachment J; such fixed payer rate is 0.5121%.

5. To the best of the Swap Advisor's knowledge, amounts paid or payable by the Commonwealth pursuant to the Original Swap, the Future Refunding Swaps, the Swapco Swap or any of the anticipatory swaps (collectively, the "Swaps") do not include any payment for underwriting, credit enhancement or other services provided or to be provided by the respective counterparty or its employees or agents to the Commonwealth unrelated to the respective counterparty's performance of its obligations under its respective Swap.

6. To the best of the Swap Advisor's knowledge, no payments have been or are expected to be made by any Counterparty or any affiliate of any Counterparty to the Commonwealth, or to third parties for the benefit of the Commonwealth, in connection with the transactions described in the Swaps except the payment of the respective Floating Rate by the respective counterparty to the Commonwealth.

The certifications and the information set forth herein are provided for information purposes only, and, except as expressly set forth herein, are not intended for use by any third party. The Swap Advisor is certifying only as to facts in existence on the date hereof. Nothing herein represents the Swap Advisor's interpretation of any laws, in particular the Treasury Regulations under Section 148 of the Code, or the application of any laws to these facts. The undersigned understands and acknowledges that the certifications contained in this Certificate will be relied on by the Commonwealth and Bond Counsel in assessing compliance with certain federal income tax requirements applicable to the 2012 Bonds, the 2011 Bonds, and the various series of the bonds described herein that are anticipated to be issued by the Commonwealth after the date hereof, including, among other things, an assessment of the components of the Swaps identified herein as "qualified hedges" pursuant to Treasury Regulations Section 1.148-4(h) with respect to any of the obligations of the Commonwealth described herein.

Dated: February 13, 2012.

SWAP FINANCIAL GROUP, LLC

By: 
Name: Nathaniel Singer
Title: Managing Director

Attachment A
The Original Swap

Termination <u>Date</u>	Notional <u>Amount</u>	<u>Fixed Rate</u>
6/1/2005	\$2,970,000	2.217%
2/1/2006	3,245,000	2.560
2/1/2007	3,745,000	2.782
2/1/2008	3,850,000	2.925
2/1/2009	8,160,000	3.048
2/1/2010	4,040,000	3.150
2/1/2011	4,170,000	3.243
2/1/2012	4,310,000	3.333
2/1/2013	4,460,000	3.412
2/1/2014	10,065,000	3.486
2/1/2015	4,765,000	3.555
2/1/2016	33,915,000	3.616
2/1/2017	36,510,000	3.672
2/1/2018	4,635,000	3.724
2/1/2019	4,815,000	3.769
2/1/2020	46,320,000	3.802
2/1/2021	49,375,000	3.843
2/1/2022	51,620,000	3.875
2/1/2023	66,885,000	3.903
2/1/2024	56,300,000	3.927
2/1/2025	59,585,000	3.951
2/1/2026	2,660,000	3.970
2/1/2027	95,365,000	3.985
2/1/2028	930,000	4.004

Attachment B

The 2010 Swap

Start Date: March 24, 2010

<u>Date</u>	<u>2010 Swap Notional Amount</u>	<u>Principal Amount of 2010 Bonds</u>	<u>Hedged 2010 Bonds</u>	<u>Unhedged 2010 Bonds</u>
3/24/2010	\$536,685,000	\$538,120,000	\$536,685,000	\$1,435,000
2/1/2011	387,085,000	388,120,000	387,085,000	1,035,000
2/1/2012	237,485,000	238,120,000	237,485,000	635,000
2/1/2013	62,955,000	63,120,000	62,955,000	165,000
2/1/2014	0	0	0	-

Attachment C-1**The 2011 Swap**

Bonds: The 2011 Future Refunding Bonds

Interest Type: 2 Year SIFMA Index with Subsequent Rolls to Maturity

Purpose: The refunding of the 2011 maturity of the 2010 Bonds

Start Date: February 1, 2011

<u>Date</u>	<u>Notional Amount</u>	<u>Expected Outstanding Principal Amount of 2011 Future Refunding Bonds</u>	<u>Hedged 2011 Future Refunding Bonds</u>	<u>Unhedged 2011 Future Refunding Bonds</u>
2/1/2011	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2012	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2013	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2014	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2015	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2016	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2017	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2018	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2019	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2020	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2021	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2022	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2023	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2024	\$145,430,000	\$146,300,000	\$145,430,000	\$870,000
2/1/2025	\$98,955,000	\$98,955,000	\$98,955,000	0

2/1/2026	\$96,295,000	\$96,295,000	\$96,295,000	0
2/1/2027	\$930,000	\$930,000	\$930,000	0
2/1/2028	0	0	0	0

Attachment C-2

The 2012 Swap

Bonds: The 2012 Future Refunding Bonds

Interest Type: 2 Year SIFMA Index with Subsequent Rolls to Maturity

Purpose: The refunding of the 2012 maturity of the 2010 Bonds

Start Date: February 1, 2012

<u>Date</u>	<u>Notional Amount</u>	<u>Expected Outstanding Principal Amount of 2012 Future Refunding Bonds</u>	<u>Hedged 2012 Future Refunding Bonds</u>	<u>Unhedged 2012 Future Refunding Bonds</u>
2/1/2012	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2013	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2014	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2015	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2016	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2017	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2018	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2019	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2020	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2021	\$145,290,000	\$146,160,000	\$145,290,000	\$870,000
2/1/2022	\$136,295,000	\$136,295,000	\$136,295,000	0
2/1/2023	\$69,410,000	\$69,410,000	\$69,410,000	0
2/1/2024	\$13,110,000	\$13,110,000	\$13,110,000	0
2/1/2025	0	0	0	0

Attachment C-3**The 2013 Swap**

Bonds: The 2013 Future Refunding Bonds

Interest Type: 2 Year SIFMA Index with Subsequent Rolls to Maturity

Purpose: The refunding of the 2013 maturity of the 2010 Bonds

Start Date: February 1, 2013

<u>Date</u>	<u>Notional Amount</u>	<u>Expected Outstanding Principal Amount of 2013 Future Refunding Bonds</u>	<u>Hedged 2013 Future Refunding Bonds</u>	<u>Unhedged 2013 Future Refunding Bonds</u>
2/1/2013	\$170,070,000	\$171,070,000	\$170,070,000	\$1,000,000
2/1/2014	\$170,070,000	\$171,070,000	\$170,070,000	\$1,000,000
2/1/2015	\$170,070,000	\$171,070,000	\$170,070,000	\$1,000,000
2/1/2016	\$170,070,000	\$171,070,000	\$170,070,000	\$1,000,000
2/1/2017	\$147,770,000	\$147,770,000	\$147,770,000	0
2/1/2018	\$143,135,000	\$143,135,000	\$143,135,000	0
2/1/2019	\$138,320,000	\$138,320,000	\$138,320,000	0
2/1/2020	\$92,000,000	\$92,000,000	\$92,000,000	0
2/1/2021	\$46,625,000	\$46,625,000	\$46,625,000	0
2/1/2022	0	0	0	0

Attachment C-4

The 2014 Swap

Bonds: The 2014 Future Refunding Bonds

Interest Type: 1 Year SIFMA Index with Subsequent Rolls to Maturity

Purpose: The refunding of the 2014 maturity of the 2010 Bonds

Start Date: February 1, 2014

<u>Date</u>	<u>Notional Amount</u>	Expected Outstanding Principal Amount of 2014 Future Refunding <u>Bonds</u>	Hedged 2014 Future Refunding <u>Bonds</u>	Unhedged 2014 Future Refunding <u>Bonds</u>
2/1/2014	\$52,890,000	\$53,210,000	\$52,890,000	\$320,000
2/1/2015	\$48,125,000	\$48,125,000	\$48,125,000	0
2/1/2016	\$14,210,000	\$14,210,000	\$14,210,000	0
2/1/2017	0	0	0	0

Attachment D

Amortization of the Series 2011 A Bonds and 2011 Swap

Anticipated		Series 2011 A Bonds Maturities	Series 2011 A Bonds Balance Outstanding	Reduction in 2011 Swap
Date	2011 Swap Notional Amount			
2/1/2011	145,430,000		146,280,000	
2/1/2012	145,430,000	25,000,000	121,280,000	24,150,000
2/1/2013	145,430,000	25,000,000	96,280,000	24,150,000
2/1/2014	145,430,000	71,280,000	25,000,000	24,150,000
2/1/2015	145,430,000	25,000,000	-	24,150,000
2/1/2016	145,430,000			24,150,000
2/1/2017	145,430,000			24,150,000
2/1/2018	145,430,000			24,150,000
2/1/2019	145,430,000			24,150,000
2/1/2020	145,430,000			24,150,000
2/1/2021	145,430,000			24,150,000
2/1/2022	145,430,000			24,150,000
2/1/2023	145,430,000			24,150,000
2/1/2024	145,430,000			24,150,000
2/1/2025	98,955,000			16,432,395
2/1/2026	96,295,000			15,990,678
2/1/2027	930,000			154,435
2/1/2028	-			-

Attachment E
The Swapco Swap

Date	Notional Amount
2/8/2012	152,958,000
9/1/2012	120,794,000
9/1/2013	95,892,000
9/1/2014	53,800,000
9/1/2015	16,070,000
9/1/2016	0

Attachment F
Multipurpose Allocation

Maturity	2012/1998A Bonds	2012/2010A Bonds	2012/2011A Bonds	2012/NM Bonds	Total
9/1/2012	27,010,000	20,670,000	3,440,000	14,085,000	65,205,000
2/1/2013	14,500,000	11,095,000	1,845,000	7,560,000	35,000,000
9/1/2013	12,895,000	9,865,000	1,640,000	6,725,000	31,125,000
2/1/2014	14,490,000	11,095,000	1,850,000	7,565,000	35,000,000
9/1/2014	32,150,000	24,605,000	4,095,000	16,765,000	77,615,000
2/1/2015	14,495,000	11,095,000	1,845,000	7,565,000	35,000,000
9/1/2015	40,250,000	30,800,000	5,125,000	20,990,000	97,165,000
2/1/2016	27,390,000	20,970,000	3,490,000	14,295,000	66,145,000
9/1/2016	8,525,000	6,530,000	1,090,000	4,450,000	20,595,000
Total	191,705,000	146,725,000	24,420,000	100,000,000	

Attachment G

	Anticipated 2012 Swap	2012/2010A Bonds	2012/2010A Bonds Balance	2012/2010A Bond Swap Notional Amount	Terminated 2012 Swap
Date	Notional Amount	Maturities			
2/1/2012	145,290,000		146,725,000	145,290,000	0
9/1/2012	145,290,000	20,670,000	126,055,000	126,055,000	19,235,000
2/1/2013	145,290,000	11,095,000	114,960,000	114,960,000	30,330,000
9/1/2013	145,290,000	9,865,000	105,095,000	105,095,000	40,195,000
2/1/2014	145,290,000	11,095,000	94,000,000	94,000,000	51,290,000
9/1/2014	145,290,000	24,605,000	69,395,000	69,395,000	75,895,000
2/1/2015	145,290,000	11,095,000	58,300,000	58,300,000	86,990,000
9/1/2015	145,290,000	30,800,000	27,500,000	27,500,000	117,790,000
2/1/2016	145,290,000	20,970,000	6,530,000	6,530,000	138,760,000
9/1/2016	145,290,000	6,530,000	0	0	145,290,000
2/1/2017	145,290,000				145,290,000
2/1/2018	145,290,000				145,290,000
2/1/2019	145,290,000				145,290,000
2/1/2020	145,290,000				145,290,000
2/1/2021	145,290,000				145,290,000
2/1/2022	136,295,000				136,295,000
2/1/2023	69,410,000				69,410,000
2/1/2024	13,110,000				13,110,000
2/1/2025	0				0

Attachment H
The 2012 Future Swaps

	2/1/2013 Swap Notional	2/1/2014 Swap Notional	2/1/2015 Swap Notional	2/1/2016 Swap Notional
Start Date	2/1/2013	2/1/2015	2/1/2015	2/1/2017
Notional Amount				
2/1/2013	\$30,330,000			
9/1/2013	\$40,195,000			
2/1/2014	\$51,290,000			
9/1/2014	\$60,165,000			
2/1/2015	\$30,085,000	\$53,140,000	\$3,770,000	
9/1/2015	\$30,085,000	\$53,140,000	\$64,650,000	
2/1/2016	\$0.00	\$0.00	\$71,610,000	
2/1/2017			\$0.00	\$110,490,000
2/1/2018				\$0.00
2/1/2019				
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				
Fixed Payer Rate	0.6404%	1.0637%	1.4703%	2.1834%

	2/1/2017 Swap Notional	2/1/2018 Swap Notional	2/1/2019 Swap Notional	2/1/2020 Swap Notional
Start Date	2/1/2017	2/1/2018	2/1/2019	2/1/2020
Notional Amount				
2/1/2013				
9/1/2013				
2/1/2014				
9/1/2014				
2/1/2015				
9/1/2015				
2/1/2016				
2/1/2017	\$34,800,000			
2/1/2018	\$91,050,000	\$54,240,000		
2/1/2019	\$0.00	\$100,770,000	\$44,520,000	
2/1/2020		\$0.00	\$95,910,000	\$49,380,000
2/1/2021			\$0.00	\$98,340,000
2/1/2022				\$0.00
2/1/2023				
2/1/2024				
2/1/2025				
Fixed Payer Rate	2.3805%	2.5705%	2.7602%	2.8204%

	2/1/2021 Swap Notional	2/1/2022 Swap Notional	2/1/2023 Swap Notional
Start Date	2/1/2021	2/1/2022	2/1/2024
Notional Amount			
2/1/2013			
9/1/2013			
2/1/2014			
9/1/2014			
2/1/2015			
9/1/2015			
2/1/2016			
2/1/2017			
2/1/2018			
2/1/2019			
2/1/2020			
2/1/2021	\$ 46,950,000		
2/1/2022	\$ 97,125,000	\$39,170,000	
2/1/2023	\$0.00	\$69,410,000	
2/1/2024		\$0.00	\$ 13,110,000
2/1/2025			\$0.00
Fixed Payer Rate	3.0072%	3.1049%	3.1302%

Attachment I

The 2012_2011_Future Swaps

Swap:	2/1/2013_2011 Swap	2/1/2014_2011 Swap	2/1/2015_2011 Swap	2/1/2016_2011 Swap
Start Date	2/1/2013	2/1/2014	2/1/2015	2/1/2016
Notional Amount				
2/1/2012				
9/1/2012				
2/1/2013	\$1,845,000			
9/1/2013	\$1,845,000			
2/1/2014	\$1,845,000	\$1,850,000		
9/1/2014	\$1,845,000	\$1,850,000		
2/1/2015	\$920,000	\$925,000	\$3,700,000	
9/1/2015	\$920,000	\$925,000	\$3,700,000	
2/1/2016	\$0.00	\$0.00	\$1,850,000	\$7,185,000
9/1/2016			\$0.00	\$3,590,000
2/1/2017				\$0.00
2/1/2018				
2/1/2019				
2/1/2020				
2/1/2021				
2/1/2022				
2/1/2023				
2/1/2024				
2/1/2025				
2/1/2026				
2/1/2027				
2/1/2028				
Fixed Payer Rate	0.5913%	0.7287%	1.1603%	1.5541%

Swap:	2/1/2017_2011 Swap	2/1/2018_2011 Swap	2/1/2019_2011 Swap	2/1/2020_2011 Swap
Start Date	2/1/2017	2/1/2018	2/1/2019	2/1/2020
Notional Amount				
2/1/2012				
9/1/2012				
2/1/2013				
9/1/2013				
2/1/2014				
9/1/2014				
2/1/2015				
9/1/2015				
2/1/2016				
9/1/2016				
2/1/2017	\$5,445,000			
2/1/2018	\$2,725,000	\$6,310,000		
2/1/2019	\$0.00	\$3,155,000	\$5,880,000	
2/1/2020		\$0.00	\$2,940,000	\$6,095,000
2/1/2021			\$0.00	\$3,045,000
2/1/2022				\$0.00
2/1/2023				
2/1/2024				
2/1/2025				
2/1/2026				
2/1/2027				
2/1/2028				
Fixed Payer Rate	2.2733%	2.5151%	2.6681%	2.7803%

Swap:	2/1/2021_2011 Swap	2/1/2022_2011 Swap	2/1/2023_2011 Swap	2/1/2024_2011 Swap
Start Date	2/1/2021	2/1/2022	2/1/2023	2/1/2024
Notional Amount				
2/1/2012				
9/1/2012				
2/1/2013				
9/1/2013				
2/1/2014				
9/1/2014				
2/1/2015				
9/1/2015				
2/1/2016				
9/1/2016				
2/1/2017				
2/1/2018				
2/1/2019				
2/1/2020				
2/1/2021	\$5,990,000			
2/1/2022	\$2,995,000	\$ 6,040,000.00		
2/1/2023	\$0.00	\$ 3,020,000.00	\$ 6,015,000.00	
2/1/2024		\$0.00	\$ 3,005,000.00	\$ 6,030,000.00
2/1/2025			\$0.00	\$ 3,015,000.00
2/1/2026				\$0.00
2/1/2027				
2/1/2028				
Fixed Payer Rate	2.9328%	3.0929%	3.1229%	3.1232%

Swap:	2/1/2025_2011 Swap	2/1/2026_2011 Swap
Start Date	2/1/2025	2/1/2026
Notional Amount		
2/1/2012		
9/1/2012		
2/1/2013		
9/1/2013		
2/1/2014		
9/1/2014		
2/1/2015		
9/1/2015		
2/1/2016		
9/1/2016		
2/1/2017		
2/1/2018		
2/1/2019		
2/1/2020		
2/1/2021		
2/1/2022		
2/1/2023		
2/1/2024		
2/1/2025	\$ 6,020,000.00	
2/1/2026	\$ 3,010,000.00	\$ 6,025,000.00
2/1/2027	\$0.00	\$ 154,435.12
2/1/2028		\$0.00
Fixed Payer Rate	3.0929%	3.0637%

Attachment J
The 2012/2011A Swap

	2012/2011A	2012/2011A	Terminated	2012/2011A	Hedged	Unhedged
	2012/2011A	Bond	2011 Swap	Swap Notional	2012/2011A	2012/2011A
Date	Bonds	Balances	Notional Amount	Amount	Bonds	Bonds
2/1/2012		\$24,420,000	\$24,150,000.00	\$24,150,000		
9/1/2012	\$3,440,000	20,980,000	\$24,150,000.00	\$20,980,000	\$3,170,000	\$270,000
2/1/2013	\$1,845,000	19,135,000	\$24,150,000.00	\$19,135,000	\$1,845,000	
9/1/2013	\$1,640,000	17,495,000	\$24,150,000.00	\$17,495,000	\$1,640,000	
2/1/2014	\$1,850,000	15,645,000	\$24,150,000.00	\$15,645,000	\$1,850,000	
9/1/2014	\$4,095,000	11,550,000	\$24,150,000.00	\$11,550,000	\$4,095,000	
2/1/2015	\$1,845,000	9,705,000	\$24,150,000.00	\$9,705,000	\$1,845,000	
9/1/2015	\$5,125,000	4,580,000	\$24,150,000.00	\$4,580,000	\$5,125,000	
2/1/2016	\$3,490,000	1,090,000	\$24,150,000.00	\$1,090,000	\$3,490,000	
9/1/2016	\$1,090,000	0	\$24,150,000.00		\$1,090,000	
2/1/2017			\$24,150,000.00			
2/1/2018			\$24,150,000.00			
2/1/2019			\$24,150,000.00			
2/1/2020			\$24,150,000.00			
2/1/2021			\$24,150,000.00			
2/1/2022			\$24,150,000.00			
2/1/2023			\$24,150,000.00			
2/1/2024			\$24,150,000.00			
2/1/2025			\$16,432,395.31			
2/1/2026			\$15,990,677.65			
2/1/2027			\$154,435.12			
2/1/2028			\$ -			

\$24,420,000